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BUSINESS WEEK

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For a sign of the times, take a last look at the load on the *Ile de France*.

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PUBLISHED BY THE McGRAW HILL PUBLISHING COMPANY, INC. • TWENTY FIVE CENTS

33 TIMES NIAGARA'S PRESSURE!



TAMED by Grinnell prefabricated piping!

Recent specifications of a large steam power plant called for a complex piping system to carry pressure equivalent to a 5542-foot head of water . . . pressure 33 times that of Niagara Falls!

This super-pressure piping presented new problems in prefabrication. To insure interpretive engineering of these problems with expert laboratory collaboration, engineers "gave the plans to Grinnell." They chose the most efficient way to obtain "on time" deliveries of accurate, tested sub-assemblies requiring minimum field-fabrication.

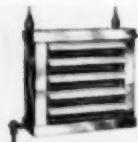
Unusual prefabrication is but one of the many services that make Grinnell the leading name

"whenever piping is involved." Others include: automatic sprinkler fire protection systems, Thermolier unit heaters, Amco industrial humidifiers, pipe fittings and pipe hangers. For detailed information on these services, write to Grinnell Co., Inc., Executive Offices, Providence, Rhode Island.

Grinnell Company, Inc. . . . Grinnell Company of the Pacific . . .
Grinnell Company of Canada, Ltd. . . . General Fire Extinguisher Company . . . American Moistening Company . . . Columbia Malleable Castings Corporation . . . The Ontario Malleable Iron Company, Ltd.

GRINNELL

WHENEVER PIPING IS INVOLVED



Thermolier Unit Heaters



Automatic Sprinklers



Pipe Fittings



Pipe Hangers



Amco Industrial Humidifiers

If you are

one of those to whom

Minutes are Precious



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A BL
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T H E S
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**NOTES ARE PRINTED
IN PLAIN ENGLISH TYPE**

No hieroglyphics — just plain letters like these you are reading. Easy to write — easy to read. Readable by any Stenotypist at any time.

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Stenotypy is easier to write, because you are typing with ten fingers on a feather-light keyboard. It's easy to learn, and it's easy to read, because it's printed. The cost is low, and you can learn it in your spare time. Write for a FREE copy of "Advantages to You in Stenotypy."



You'll appreciate Stenotypy. It insures you against the time loss of having to wait for your secretary to catch up. It does away with your having to repeat words "she didn't get." It allows you to use the spontaneously fine phrase which generally goes glimmering when you can't keep right on talking.

Stenotypy saves these precious minutes, because the Stenotypist's taking speed is in excess of your dictating speed . . . she is not hurried or crowded . . . she can give her full attention to every word you are saying *as you say it* . . . she is not only always up with you—she is waiting for you. Result—you talk your letters in your natural stride . . . which means more and better letters in less time.

This one advantage will help you to effect a substantial saving. But there are others. Such, for instance, as . . .

. . . the interchangeability of Stenotype notes . . . a Stenotypist can read the notes of any other Stenotypist, because they are machine typed in plain English characters. This permits one Stenotypist to take steadily for hours, while other Stenotypists, or Stenotype typists, transcribe her notes . . . an advantage which enables you to begin signing letters or looking over transcriptions as soon as you have finished dictating.

. . . the fact that a capable Stenotypist will turn out more work than a pencil stenographer . . . better work . . . more accurate work . . . and with less effort, leaving her free and alert for other important secretarial duties . . . duties which serve your convenience and conserve your time.

With today's narrowing margin of profits and increasing demand for accuracy and elimination of waste, more and more executives are turning to Stenotypy as one remaining step in the complete mechanization of their office . . . the one remaining step in the saving of precious minutes—the stuff of which days are made.

Get all the facts concerning this modern executive aid . . . learn just what it can contribute to the increased efficiency of your office . . . send today for a complimentary copy of "Stenotypy in Your Office."

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BELTS ARE USED**

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ARE TABOO**

● The efficiency of your drives has a definite bearing on your power costs.

With the features we are building into HEWITT Transmission Belts you can bring about a big improvement.

HEWITT'S unexcelled flexing, greater traction and reduced stretch all point to superior performance. Add this to the extra service they deliver, and you'll see some important savings.

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He's listed in classified telephone directories under "Rubber Goods" or "Belting".

HEWITT

RUBBER CORPORATION, BUFFALO, N. Y.

HOSE • CONVEYOR AND TRANSMISSION BELTS • PACKING

**THIS
BUSINESS WEEK**

**BUSINESS
WEEK**



Rudy Arnold

The Ile de France sailed from New York last week, loaded to the gunwales with munitions; a topical example of the upward trend in U.S. exports since the start of the war—as illustrated in the cover chart, and the box on page 53. The March turndown in the chart is not to be construed as a break in the upturn. Cotton exports had a sudden, almost inexplicable, boom when war began; and they've settled back to within reason-

Oil

OIL MADE NEWS this week all over the map. In Washington, the government won the Madison oil case, as the Supreme Court voted 5-2 to uphold the conviction of 12 major oil companies for conspiring to raise and fix gasoline prices. With the legal o.k. on his current antitrust drive, Thurman Arnold is due to push enforcement as far as he can—page 15 . . . Price fixing took a licking in British Columbia, too. When the government tried to force a cut in gas prices, oil companies responded by cutting off their deliveries. The compromise settlement just brought about brings them a moral victory—page 52 . . . In Mexico, Cordell Hull's proposal to arbitrate the expropriation of American oil properties was turned down. Mexico, which had already negotiated a settlement with Sinclair, said it was strictly a domestic matter. But Hull knew better—he turned down. He may know what the next move will be, too—page 51.

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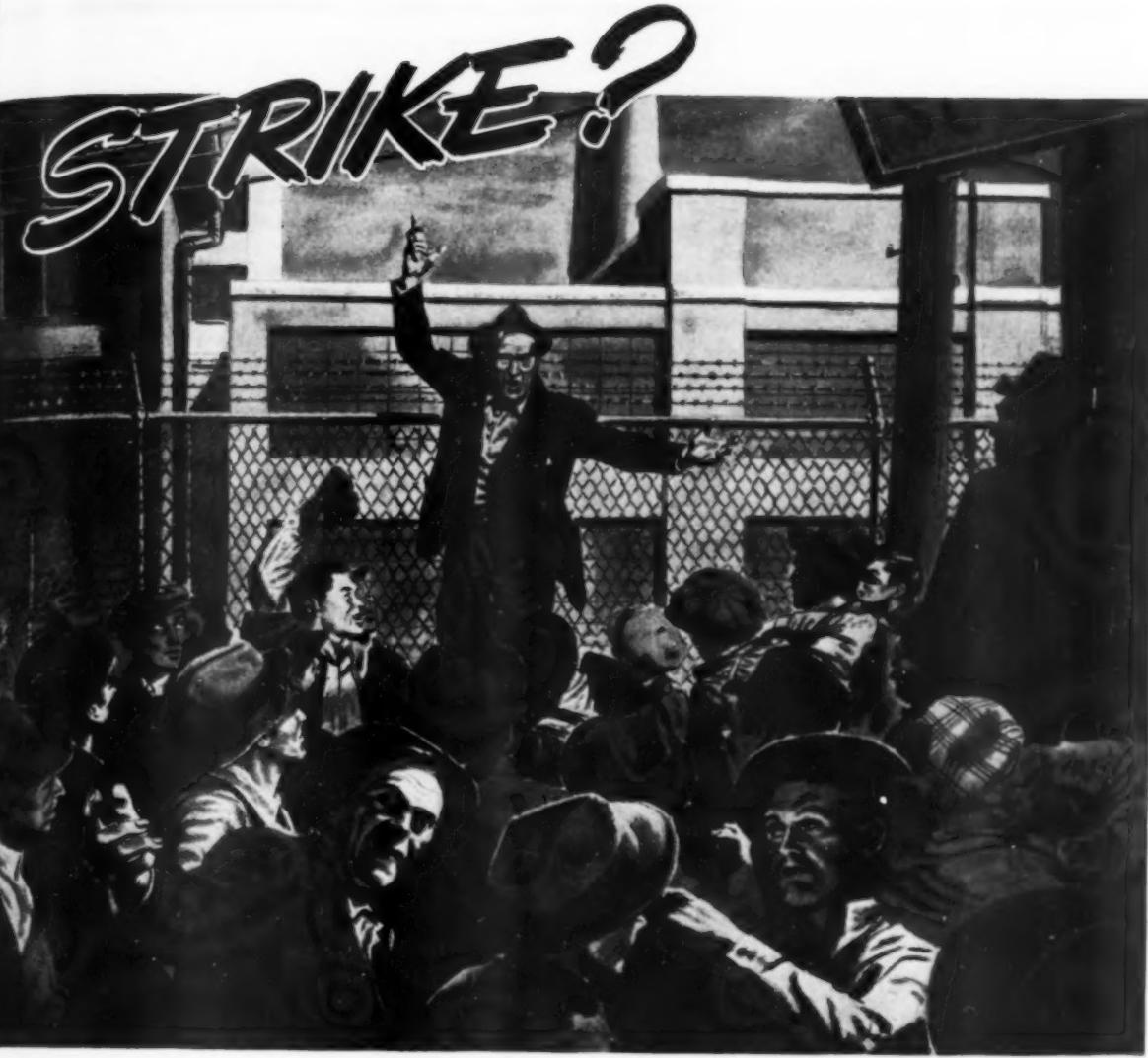
Rudy Arnold

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k all over the country. The government has the Supreme Court to rule on the conviction of the conspirators. With the antitrust decision, it will push enforcement. Page 15 . . . Pittsburgh Column . . . tried to force companies to deliver what just brought victory—page 11. Hull's proposal of American Mutual down. He negotiated a settlement, but it was struck down. He still knew he had to know what he was doing. Page 31.

• NUMERO
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December, 1940
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S.A. Copyright
ing Company

PUBLICATION



Industrial-relation and safety problems often have common causes...and labor problems—like accidents—have been cured or prevented by American Mutual workmen's compensation insurance.

In a plant where, in 1936, a neutral observer said, "It will be years before bad feeling dies down" . . . where official compromisers gave up . . . and the gathering storm of ill will threatened complete destruction of profitable operations — American Mutual safety consultants provided a means of restoring calm through safety.

Leading the way to joint determination between management and men to work shoulder-to-shoulder on a constructive

safety program . . . benefiting one group through lower insurance costs and more efficient production, the other group through better working conditions and freedom from accidents . . . allowed them for the first time to share a common interest, to be more tolerant of each other's motives.

Since the safety program was fully instituted, with the help of American Mutual's practical safety consultants, accidents have been rare and labor troubles non-existent. For one period of 238 days, not even one minor accident occurred. Morale has been ideal. And the plant has operated at capacity.*

But profit from accident-prevention

help is only one of three profits which thousands of firms have received from American Mutual. Second is restoration of injured men's valued services through medical rehabilitation by industrially-trained specialists. And third is the opportunity to save one-fifth or more on insurance costs, through cash dividends of 20% or more, paid regularly on practically all lines of insurance except life, by American Mutual and its affiliate.

*Details of this case in which safety provided the meeting ground for labor and management will gladly be provided to those interested. Write for the story "Strike!," addressing Dept. H-6, 142 Berkeley St., Boston, Mass.



get 3 profits with
American Mutual

AMERICAN MUTUAL LIABILITY INSURANCE COMPANY, Home Office BOSTON, MASS.
Branches in 59 of the Country's Principal Cities

"There goes your man!"



THE salesman was in a quandary—in Elmira. For three months he had called on an important prospect. He had used all his persuasion without success.

Then he recalled his Sales Manager's parting advice. "If you ever need any information on a specific problem, ask for help wherever you possibly can at one place . . ."

The next day the salesman was telling his trouble to an officer in an Elmira bank. He discovered there was a key man he had not yet seen. As he listened, the bank executive suddenly pointed out the window at a passer-by . . . "There goes the man you ought to see."

A week later the prospect's first order was in the mail.

This information was available to the salesman because his company is a Marine Midland customer—and because there is a Marine Midland bank in Elmira.

There are Marine Midland banks in 37 other trading centers throughout the State. Any of our officers will gladly show you how we, through these banks and their close familiarity with their local communities, can save your business time and money in this State—the world's richest market.



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MARINE MIDLAND
TRUST COMPANY OF NEW YORK
120 Broadway

*At the Gateway to New York State, the
World's Richest Market*

Member Federal Deposit Insurance Corporation

NEW BUSINESS

Box Office

A BOOK OF RECIPES for salads and desserts that call for soda pop has been issued by the American Bottlers of Carbonated Beverages . . . Are sex and age correlated with a sweet tooth? The Ayer Foundation for Consumer Analysis has found an increased fancy among older women (50 to 68) for sour flavors, while men of the same ages prefer something sweet. Younger men and women uniformly chose a sweet taste, from among the samples offered.

A stranger in town, and a young girl at that, seems to be making Minneapolis night life over. She's a newly-appointed department store executive who has convinced local hotel men that a series of formal, mid-weekly dances would be immensely popular. The first dance, held early this month, attracted 200 couples; consequently, seven more are scheduled. Of course, the success of the scheme won't hurt department store sales of evening clothes.

There's a personal touch in this new campaign for long distance call business: Illinois Bell Telephone Co. has provided some of the hotels in its state with cards for occupied rooms that (1) are a service directory for the hotel and (2) leave space for the price of a 3-minute call to the guest's home town, to be written in by the room clerk.

Our Times

INCREASINGLY important executive function of our times is the direction of company public relations policies. Newest evidence of this importance is General Motors' decision this week that Paul Garrett, its widely-known public relations director, should be, and henceforth is, a G.M. vice-president.

Keeping down the rent bill, tenants in two public housing projects redecorated their own apartments this spring. In Washington and Indianapolis low-cost apartments, the landlords furnished paint, ladders, brushes, and instructions on how to do a good job.

That a farmer is a jack-of-all-trades is born out by a recent survey by the California State Chamber of Commerce. Portable welding outfits are used on 75% of California farms of more than 1,000 acres, on 50% of farms from 200 to 1,000 acres, on 5% of those under 200 acres.

Again—Bell Telephone leads the list of the country's big fleet operators. The 16,210 trucks and 4,490 cars which the combined companies maintain gives Bell a big lead over Standard Oil of New Jersey, which has 12,000 trucks and 4,000 cars. Automobile Manufacturers Assn. lists 127 fleets of more than 100 vehicles apiece, doesn't claim to have them all. The turnover is terrific; one-sixth of the

chief finance officers of American cities were replaced between 1938 and 1939 according to the 1940 Municipal Year Book. But the pay is good—in cities between 10,000 and 50,000 population, the average finance officer's salary exceeds that of the mayor's.

What's New?

THERE'S A NEW WEED KILLER which makes plant maintenance an easier job. Ammonium sulfamate, a non-poisonous, non-flammable compound promises to be "more effective than any other material commonly employed," du Pont chemists report.

An after-hours depository for bill payments has been built outside the Citizen



Three Local

Gas and Coke Utility offices in Indianapolis. In the drawer below the writing shelf there are pencils and envelopes.

U.S.A., 1940

DELEGATES to the Republican convention in Philadelphia this June may be surprised to know work is being rushed on an out-door ice skating rink on the account. The Frick Co., which got the refrigeration contract, says it will take two 4-cylinder compressors each driven by a 300-hp. motor to freeze the ice during the summer. Most home refrigerators are driven by motors rated below 1 hp.

Giving baseball players the low-down on sun glasses, an American Optical Co. official recommends green glasses for all-around use, polaroid glasses for blinding glare, and yellow lenses for a fielder picking out a fly ball in the blue sky.

New high in commercial loyalty: a clerk in a Van Hook, N. D., general store has named his baby boy General Mills "to show appreciation and to do honor to the flour and cereal manufacturers of the same name. 'Mother and baby don't fine,' he wrote to General Mills.

WASHINGTON BULLETIN

American cities
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Municipal Year
—in cities
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salary exceeds

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OFFICE HOURS
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WASHINGTON (Business Week Bureau)—
rushing opposition both inside and outside of his party, Roosevelt will emerge with only a few scratches from a session of Congress which threatened to hamper and emasculate much New Deal legislation and he will go into his party's national convention knowing that an overwhelming majority is intent upon lifting him for a third term. He alone will decide whether he will lead the Democrats again, and even his most timidistic opponents in the party cannot hope to prevent a 100% endorsement of his policies in the Democratic platform.

Almost a Clean Record

FAR AS Congress is concerned, the best that can happen to the President is the enactment of the Logan-Walter bill, aimed at providing the opportunity for an review of government bureau acts. Even this is no certain threat, and the bill is generally regarded as so badly drawn that, even if it is passed, the measure is sure to be fought over again. Presidential opposition stopped amendments to the Wage-Hour Act. Even though the Administration would have accepted mild changes, the safe course was to kill all amendment proposals so as to be sure of heading off drastic ones. The same opposition will kill the amendments to the Wagner Labor Relations Act, so eagerly desired by employers, and succeed, in fact, in stopping every anti-Administration move save the investigation, which has become so hot to handle, and figured in result against subordinating the independent Civil Aeronautics Authority to the Commerce Department—a proposal at the House refused to stomach this week.

As for new taxes—the President didn't really want them. He never moved a finger for them after his original recommendation for a boost of almost a half billion. The same thing goes for a boost in the national debt limit; despite Secretary of the Treasury Morgenthau's fears, Roosevelt didn't want this. Exception: But you can't have everything. What Roosevelt really wants is for Hitler, Mussolini, et al. to listen to him and they just won't pay any attention.

Good Costs under Fire

WITH THE OIL COMPANIES' scalps under his belt (page 15), Trust-Buster Thurman Arnold's nerve is restrained only by his pocketbook. Don't discount his big talk. It's part of his technique—psychological enforcement of the Sherman Act, and to the extent that he can stretch his budget, he won't pull his punches.

As forecast (BW—Apr 20 '40, p8), Arnold now is hell-bent on hunting down

price-boosting practices in the food business. Chains profess to welcome the attack; independents which played a part in bringing the investigation to a head are a little uneasy.

* Prospect: The probe will eventually reach into all branches of food manufacture and distribution, the container field, and the behavior of labor organizations.

Classifying Monopolies

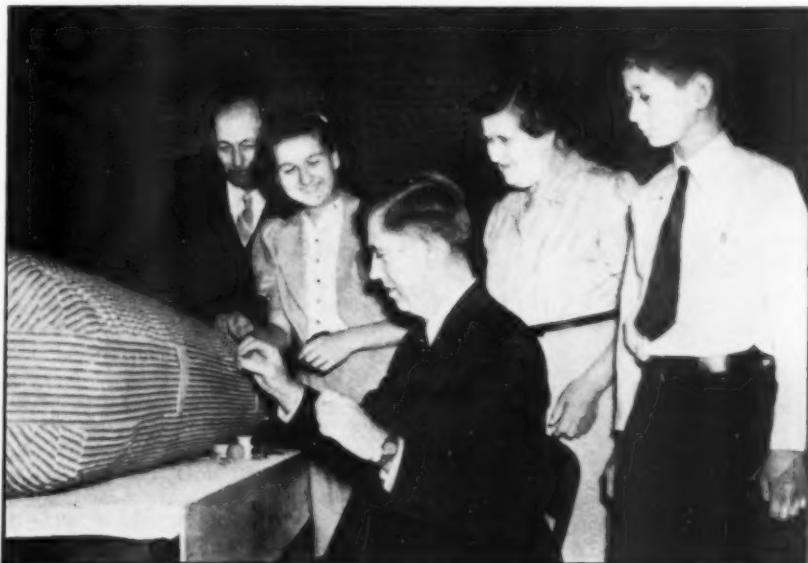
WATCH FOR A FORTHCOMING REPORT ON concentration of production in 1,807 commodities being prepared by Commerce Department experts for the Temporary National Economic Committee. It will put another slant on industrial prices. Economist Gardiner Means' study for Secretary Wallace a few years ago,

indicating a direct relationship between concentration of industry and price rigidity, laid the groundwork for the Administration's present trust-busting drive. The Commerce Department study goes beyond industry concentration to product concentration—concentration in the manufacture of specific commodities, such as electric irons and heaters rather than concentration in the manufacture of electrical products.

The study will reveal little if any statistically significant correlation between the concentration of industry according to products manufactured and the price rigidity of those products.

* Conclusion: There are "good" monopolies, which market consistently better products at steadily lower prices, and

Cotton Looks Up



COTTON IS IN THE SPOTLIGHT as Secretary of Agriculture Henry A. Wallace tries his hand at cotton mattress-making in the Agriculture Building in Washington. And it will be in the spotlight when Memphis, Tenn., whoops it up next week at its annual Cotton Carnival, to celebrate "National Cotton Week." There will be real cause for celebration, too, for the drive to increase domestic cotton consumption is making new headway. While WPA sewing projects continue to make cotton mattresses for state relief distribution, the Federal Surplus Commodities Corp., is now donating cotton to low-income families certified by AAA committees, who make their

own mattresses in local community centers. (This project, the subject of the Agriculture Building exhibit, above, is now under way in 785 counties in 15 southern states.) This week too, the cotton stamp plan—whereby the FSCC sells stamps to relief families, redeemable for cotton goods at the rate of \$2 to \$1—went into effect in Memphis. It isn't likely to be extended further, though, until the test produces some conclusive results. There's considerable resistance to the plan on the part of cotton farmers, who say it benefits city reliefers more than them. Too much of the money goes to pay processing costs, too little to the farmer for his surplus cotton.

SERVICE BUILDINGS CUT HEATING COSTS \$2,000 IN ONE YEAR

Webster Moderator Systems Give Baltimore Buildings Balanced Heating for 20 P.C. Less

BETTER WORKING CONDITIONS

Maintain Desired Temperatures in Offices, Shops That Were Formerly Hard to Heat

STEAM SUPPLY IS CONTROLLED

Baltimore, Md.—Heating costs in the maintenance and main engineering buildings of the Consolidated Gas Electric Light & Power Co. were reduced 20 per cent, or approximately \$2,000.00, in the first season after completion of a Webster Heating Modernization Program.

A Webster Moderator System and related auxiliary controls were installed at the Front and Monument Street buildings in 1938. Prior to the installation, it was difficult to maintain uniform temperatures in these buildings.



Maintenance and Main Engineering Buildings, Consolidated Gas Electric Light & Power Co., Baltimore, Md. Front Street Building, above. Monument Street Building, at right.

After the Webster Moderator System was placed in operation, the extreme fluctuations in building temperatures were eliminated. Buildings are now much more comfortable and working conditions have been greatly improved. The installation of the control equipment has proved to be a good investment.

There is a total of 66,500 square feet of installed equivalent direct radiation in the group of buildings.



GET THIS BOOK... Read the fact stories about economy and comfort in the heating of 144 buildings. No exaggerated claims. No promises. Just 64 pages of heating results. Ask for "Performance Facts."

WARREN WEBSTER & CO., Camden, N. J. Pioneers of the Vacuum System of Steam Heating Representatives in 65 principal U. S. Cities—Est. 1889

"bad" monopolies, which maintain "rigid" prices by restricting production to the highest profit level. Monopolies *per se* are not bad.

Walsh-Healey Speed-Up

TAKING HER CUE from the Supreme Court's decision upholding her steel wage order (BW—May 4 '40, p14), Secretary Perkins will direct a mild speed-up in enforcement of the Walsh-Healey Public Contracts Act by putting more industries under the law's minimum wage provisions. Electrical machinery and crushed stone industries are in the public-hearing stage, with boiler shop products not far behind. Eleven more industries may be asked to dig up wage data—a preliminary step to hearings and wage recommendations.

Fletcher Is Out

LEGAL CHICANERY has slid the sole remaining practical labor man out of the Labor Department's Wage-Hour Division. On June 1, Major Arthur Fletcher, Assistant Administrator in charge of compliance, quits Washington to head the Raleigh, N. C., office.

★ Reason: Fletcher, former North Carolina Labor Commissioner, was too realistic, insufficiently legalistic for the Wage-Hour barristers. Last year they tried to unseat him, but failed (BW—May 13 '39, p8). Then Secretary Perkins became their ally. Now Fletcher's job is being abolished and he goes home to Raleigh.

Crop Insurance Costly

ROOSEVELT'S VETO of legislation to put cotton within the scope of government crop insurance (which covers 75% of average yields and does not insure price) reflects the fear of Department of Agriculture officials that heavy drains will be made on the insurance fund this year because of failure of the winter wheat crop in drought areas. Last year, the first of the experiment with wheat insurance, the government lost \$1,430,000. This year's loss promises to be at least five times as large because growers, faced by drought, flocked to the plan.

Fish Ban Pushed

STRADDLING THE DISPUTE over duty-free importation of frozen fish from Newfoundland, by General Seafoods, Secretary Morgenthau found an "out" in the Neutrality Act, explaining that operation of the law would necessarily interfere with such importing practice as was originally approved. Just to be sure, however, that the plan is scuttled, the House has passed Maine Rep. Oliver's bill prohibiting free entry, and Senator White will carry the ball in the Senate.

Taft Tackles Advertising

SENATOR TAFT'S BLESSING ON advertising, bestowed at the Advertising Affiliation Convention in Buffalo, carried a sharp note which irritated some of the coun-

try's biggest advertisers. Taft not only irritated them, but twisted the law when he singled out proprietary medicines, drugs, and toilet articles as commodities on which the percentage of advertising is too high.

Go Sign for Television

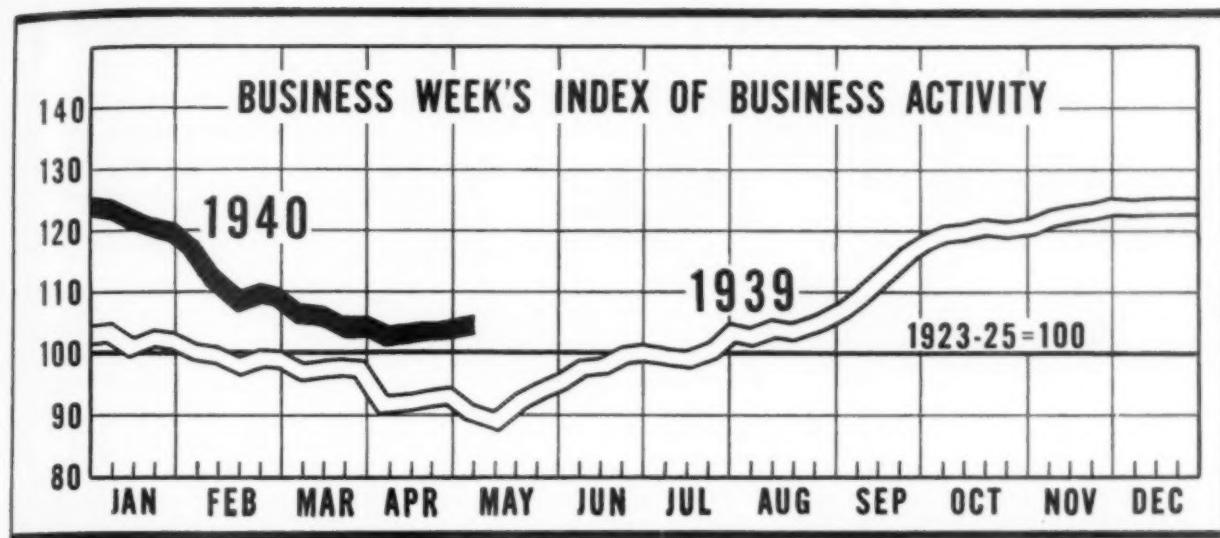
TELEVISION WILL HAVE its course of future operations—probably the grant of full commercial program service mapped out by the Federal Communications Commission next week. The "go light" follows rampant criticism of FCC's attack on RCA and recall last month of its previous authorization for "line commercialization." (Both G.O.P. Democratic conventions will be covered by television—NBC and Philco at Philadelphia; NBC and Zenith in Chicago.) ★ Face-saving: FCC sought to justify previous crackdown on the ground that it was necessary to preserve competition in radio. Now it says to further that it is trying to obtain agreement among the various companies to establish a form synchronizing transmission method that will serve all types of receiving.

P. S.

AMERICAN FEDERATION OF LABOR is launching an organization drive for 400 members in New England industries at Hartford regional conference, May 25 and 26. Federation moguls are worried about C.I.O. gains in the northeast. ALASKA DOES NOT LIKE the idea of being a haven for European war refugees. In protests lodged with Congress, organizations assert the proposal would turn the territory into a "concentration camp" and ultimately bring about domination by aliens . . . THE SENATE Interstate Commerce Committee has voted further consideration of the proposed Western Union-Postal Telegraph merger legislation this session, is stated in a plan only on filing an interim report.

. . . THAT CENSUS BATTLE seems to be ended up in the waste basket. At time of the row with Senator Tobey of New Hampshire, the Census Bureau had 15,000,000 special blanks printed for those who preferred to report their income direct to Washington. Less than a half million were used. . . . For several weeks now, an antitrust squad has been looking into the Pullman Co. and its manufacturing and operating subsidiaries. The instructions from Arnold are to get an answer to the question whether Pullman is using its operating subsidiary to build up a monopoly for its manufacturing subsidiary. . . . TIP FOR TRADE ASSOCIATIONS: See the consent decree entered in the Southern Pine case, which recognizes grading of product as legitimate practice so long as it is not used as a means of enforcing monopoly. Southern Pine Association's standardization work must be lodged in an independent bureau whose services shall be available to the whole industry.

THE FIGURES OF THE WEEK


**THE INDEX.....
PRODUCTION**

	Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
Steel Ingot Operations (% of capacity).....	65.8	61.8	61.3	92.5	47.0
Automobile Production	99,305	101,405	101,655	82,680	71,420
Engineering Construction Awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$9,092	\$9,072	\$8,498	\$10,188	\$8,496
Electric Power Output (million kilowatt-hours).....	2,386	2,398	2,381	2,537	2,164
Crude Oil (daily average, 1,000 bbls.).....	3,679	3,845	3,745	3,501	3,581
Bituminous Coal (daily average, 1,000 tons).....	1,307	1,222	1,412	1,738	553

TRADE

	Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	70	69	68	83	68
All Other Carloadings (daily average, 1,000 cars).....	38	36	37	56	29
Check Payments (outside N. Y. City, millions).....	\$4,697	\$4,228	\$5,189	\$4,638	\$4,465
Money in Circulation (Wednesday series, millions).....	\$7,570	\$7,520	\$7,521	\$7,352	\$6,915
Department Store Sales (change from same week of preceding year).....	None	+7%	-20%	+5%	+6%

PRICES (Average for the week)

	Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
Spot Commodity Index (Moody's, Dec. 31, 1931 = 100).....	161.9	162.9	156.2	163.2	142.9
Iron and Steel Composite (Steel, ton).....	\$37.17	\$36.57	\$37.07	\$37.62	\$36.21
Scrap Steel Composite (Iron Age, ton).....	\$16.75	\$16.38	\$16.04	\$20.63	\$14.25
Copper (electrolytic, Connecticut Valley, lb.).....	11.108¢	11.250¢	11.283¢	12.500¢	10.125¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$1.05	\$1.08	\$1.03	\$0.85	\$0.75
Sugar (raw, delivered New York, lb.).....	2.81¢	2.84¢	2.78¢	2.99¢	2.93¢
Cotton (middling 3/8", ten designated markets, lb.).....	10.35¢	10.50¢	10.43¢	8.88¢	8.99¢
Wool Tops (New York, lb.).....	\$0.987	\$0.999	\$1.003	\$1.148	\$0.855
Rubber (ribbed smoked sheets, New York, lb.).....	20.03¢	19.49¢	18.57¢	20.49¢	15.97¢

FINANCE

	Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
Corporate Bond Yield (Standard Statistics, 45 issues).....	5.55%	5.58%	5.55%	5.65%	5.66%
U. S. Bond Yield (average of all issues due or callable after twelve years).....	2.25%	2.28%	2.20%	2.52%	2.24%
U. S. Treasury 3-to-5 year Note Yield.....	0.45%	0.49%	0.39%	0.69%	0.47%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	1 1/2-1 1/4%	1 1/2-1 1/4%	1 1/2-1 1/4%	1 1/4-1 1/2%	1 1/2-1 1/4%
Business Failures (Dun & Bradstreet, number).....	292	311	274	318	281

BANKING (Millions of dollars)

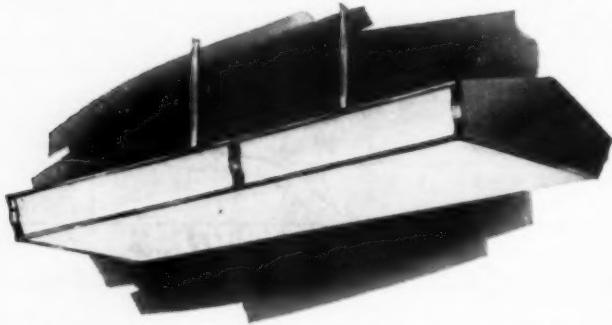
	Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
Demand Deposits Adjusted, reporting member banks.....	19,696	19,764	19,175	18,556	16,660
Total Loans and Investments, reporting member banks.....	23,542	23,584	23,315	22,728	21,785
Commercial and Agricultural Loans, reporting member banks.....	4,409	4,419	4,414	4,310	3,841
Securities Loans, reporting member banks.....	1,100	1,096	1,101	1,115	1,187
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks.....	11,387	11,402	11,228	10,916	10,367
Other Securities Held, reporting member banks.....	3,494	3,532	3,438	3,291	3,347
Excess Reserves, all member banks (Wednesday series).....	6,110	6,120	5,820	5,376	4,084
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,500	2,501	2,512	2,765	2,572

STOCK MARKET (Average for the week)

	Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
50 Industrials, Price Index (Standard Statistics).....	117.3	117.5	121.2	125.0	109.3
20 Railroads, Price Index (Standard Statistics).....	30.7	30.8	32.1	34.1	26.9
20 Utilities, Price Index (Standard Statistics).....	67.9	67.8	70.1	69.7	65.5
90 Stocks, Price Index (Standard Statistics).....	96.0	96.2	99.3	102.1	89.5
Volume of Trading, N. Y. Stock Exchange (daily average, 1,000 shares).....	697	725	1,572	1,427	531

* Preliminary, week ended May 4th. † Revised. ‡ Date for "Latest Week" on each series on request.

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TEXTILE MILLS



INSPECTION WORK



RETAIL STORES

G-E MAZDA LAMPS
GENERAL ELECTRIC

BUSINESS WEEK

May 11, 1940

THE BUSINESS OUTLOOK

Business Week Index breaks loose from 105 level and supports other evidence that upturn is under way. But momentum has to be generated before you can conclude that the upturn is "the real thing."

THERE IS NO LONGER room for doubt. The "short-term" upturn discerned last week (*BW—May 4'40, p13*) is here. The **BUSINESS WEEK** Index has now advanced to 106.3 out of the narrow range of fluctuations around the 105-resistance level, and the recession which began in December has become so much ancient history. In a relatively short time, from the end of December to the middle of March, the decline shot its bolt. And then for six weeks business underwent the tedious process of stabilizing.

Pattern Takes Shape

Signal of the turnaround is the rise in steel operations. The 1.8-point jump from 60.0% to 61.8% of capacity last week was followed by an even sharper advance to 63.8% this week. It is conceivable that this upturn may mark the beginning of an enduring rise that will carry to the end of the year, but—to be conservative—it is wise to wait and see how much momentum the move gathers. For it now becomes clear the pattern which **BUSINESS WEEK** outlined three months ago (*BW—Feb 3'40, p13*) is taking definite shape. Then, this was said:

"Here is a logical business sequence for the next few months: (1) Automobile production picks up as is usual in the spring; (2) this arrests the decline in steel orders, and ingot operations first stabilize

and then begin to expand; (3) backlogs run off in the cotton textile industry and production naturally drops; (4) but expansion in steel output helps to cushion the jar when the decline in textiles reaches its 'precipitate' stage."

So far this year, we've had the spring pickup in automobile sales; the steel industry's price maneuvers on hot- and cold-rolled sheets plus the automobile industry's need for steel started a run of new orders the last few weeks; and steel ingot output has risen at just the time that cotton textile production seems to be heading for a worse-than-seasonal decline. Thus the rise in steel may serve to counterbalance decreasing employment and payrolls in the textile industry. For there are no indications yet that textile manufacturing has made a firm base.

Departure from Custom

Two months ago a burst of cotton textile orders supported the level of output in the southern mills (*BW—Mar 16'40, p13*) but now backlogs again have been pulled down. Raw cotton prices are fairly steady and thus do not act as a spur to new orders, and department store purchases for stocks are rather limited in this "slow" post-Easter season; thus, there is no great incentive for jobbers and converters to lay in gray goods or for manufacturers to build up inventories to

meet some sudden future rush demand.

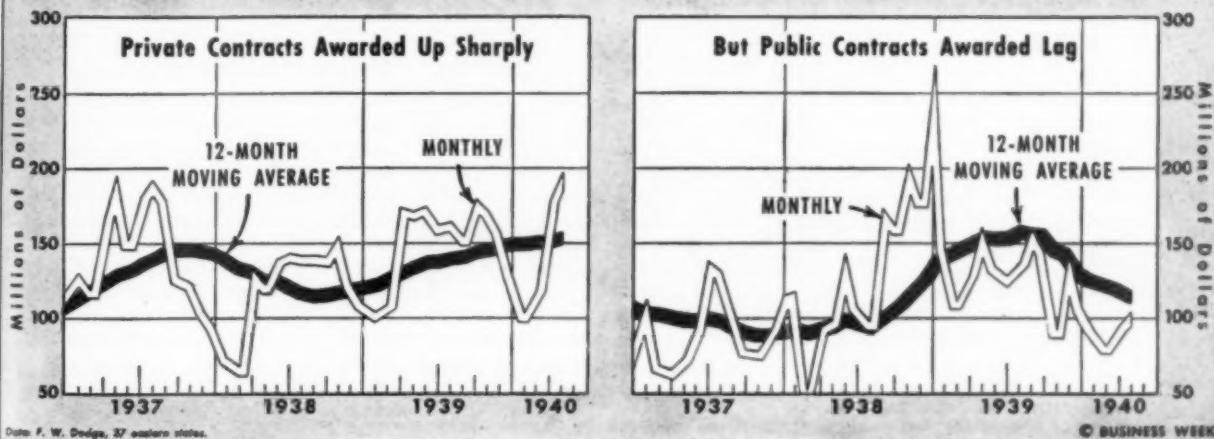
This development, incidentally, is hardly according to Hoyle. It is customary for the non-durable goods industries—textiles, shoes, etc.—to reach a bottom first on a decline, not the durable goods industries—steel, machinery, etc. But, this time, the heavy industries are carrying the torch and leading the upturn. The war offers an adequate explanation of this heterodox performance. The sharp rise in exports from a rate of \$8,000,000,000 to more than \$4,000,000,000 a year has been a definitely cushioning business influence. And these exports have been concentrated in such heavy-industry goods as airplanes, armaments, motor trucks, steel, and special types of machinery and machine tools.

Textile Decline

It is possible, though not probable, that (if steel production moves up much further from now on) demand for cloth and clothing may speed up, and the oncoming textile decline may be limited to normal seasonal proportions. That, however, will depend on the momentum the current business rally generates. And as yet, with copper and lead prices weak, with commodity markets generally apathetic, and with common stocks non-resistant to selling, the stage is not exactly set for a spirited recovery in steel and other heavy industries—particularly now that auto output is due for its seasonal tapering-off.

The textile industry, of course, could quickly work out of its doldrums, with a month or two of low production—or if, say, there was an expansion of export demand from South America. Over-

IN THE OUTLOOK—PUBLIC VS. PRIVATE CONSTRUCTION



© BUSINESS WEEK

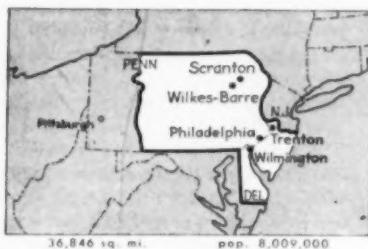
produced statistical positions have a way of clearing up. For instance, the shoe industry (with 1939 production at a record high) entered 1940 overstocked. Because of the weather spring sales were poor and production in March and April continued low. But now, with stocks reduced and the weather springlike, there may be smaller than usual reduction

in shoe output in the next few months.

Construction has become one of the basic bullish factors, though the total is still running below a year ago. And it is particularly significant that private contracts awarded have been marking out a steady uptrend since the summer of 1938 (Outlook Chart, page 13). Not only does this indicate a release—so to

speak—of private initiative, but it also suggests that any drop in industrial activity after the current short-term business upturn may be moderated by a rising trend in construction—especially if public construction, which is now lagging, expands during the second half of the year. And, with any increase in federal spending, that is quite probable.

The Regional Business Outlook



PHILADELPHIA — This week's turnaround in steel production imparts a needed lift to purchasing power in this compact industrial area. Since the first of the year, payrolls have dropped under 1939 levels in such basic non-durable goods industries as silk manufacturers, carpets and rugs, shoes, hosiery, woolens and worsteds, and a wide variety of cotton products.

On the other hand, durable goods industries have managed to hold well above a year ago. Shipbuilding, freight car output, automobile parts, truck assemblies, electrical manufacture, and cement production—for example—have bolstered employment.

Now the recent influx of new orders to the steel mills means increased activity in such centers as Bethlehem, Allentown, Johnstown, and Harrisburg and should be reflected in retail sales of such consumers' durable goods items as automobiles, refrigerators, and washing machines, for it isn't often that the steel areas have such a long spell of good employment as they've been having—a nine-month stretch of operations above 60%.

Port of Philadelphia

The sustained level of activity in the heavy industries, of course, is due largely to the demand for war supplies from Europe. As a collateral result, the Port of Philadelphia has taken on new life.

Agricultural income continues stable—at levels prevailing in 1938 and 1939. But in industrialized districts such as this, with farms only a 15-minute automobile ride from towns, rural purchasing power depends in part on employment in local mines and factories.

CHICAGO—Diversification in the heavy industries has been a supporting influence in this Reserve district. During the past four months the high level of automobile production buoyed up payrolls in Detroit and other automobile and parts manufacturing centers. Now the advance in steel operations—10 points in two weeks in this Reserve district—will serve to offset the downward seasonal adjustment in motor schedules currently taking place.

Steel Up, Autos Down

So far this year, incomes in the automobile centers—Detroit, Flint, Pontiac, Lansing, and South Bend—have run ahead of South Chicago and steel mill towns of Indiana; but now, with steel going up and auto output down, the position of the steel and auto centers will tend to even up, from a retail sales standpoint.

The durable goods industries here (as in Philadelphia) are making better comparisons with 1939 than non-durable goods industries, such as suits and dresses. International Harvester has begun production of large farm refrigerators (page 41); the Nash Motor Co. has reopened its plant in Racine; in nearby Milwaukee, Allis-Chalmers backlog are a sustaining influence on payrolls.

Because of higher dairy, grain, and livestock prices, farm income is running well above a year ago, and rural retail sales reflect this. Hog raisers in Iowa, Illinois, and Indiana welcomed the price jump from \$3 to \$6.50 a cwt. (BW—Apr 27 '40, p 13), which followed the German invasion of Denmark. Not all the gain was lost in the subsequent reaction, and farm buying prospects are up substantially.

SAN FRANCISCO—The promise of a good farm year continues. Rains have improved pastures, and arable fields have plenty of subsoil moisture; so the prospect is for high yields and income throughout most of this area.

Citrus receipts, of course, have been up sharply, the Florida freeze having widened markets and increased prices for Southern California grapefruits and oranges. Indeed, the unfavorable weather throughout the south this spring (which cut down truck and vegetable crops) has rebounded to the general benefit of farmers in this Reserve district.

Up in Washington and Oregon, however, a drop in wheat sales below last year and the loss of the British market for apple exports (BW—Dec 9 '39, p 14) have dampened rural buying power.

Also because of foreign restrictions, the canning trend is somewhat uncertain. Even so, this year's pack is likely to come up to 1939's. And right now, with operations getting under way on early crops—spinach and asparagus—things are seething in the big processing centers of Fresno, San Jose, and Oakland.

Mining and Lumbering

In the Rocky Mountain states, copper mining has been holding up despite the recent drop in prices; but in the Pacific Northwest, lumber production is down; in the first quarter, it ran 16% ahead of a year ago, and now it's only about even with 1939. Poor weather in eastern United States (despite expanded contracts awarded) has held back residential building demand for lumber. Too, war-time shortage of intercoastal shipping space has curtailed shipments.

Court Makes the Trust Law Stick

Victory in Madison oil case puts Arnold drive on such a firm footing that only a new political dispensation could shake it, regardless of impending union showdown.

WASHINGTON (Business Week Bureau)—Victory awarded to the government by the Supreme Court's 5-2 decision in the famous Madison oil case gives the antitrust laws a new lease on life so long as the present majority remains on the bench. Four of the five justices—Douglas (who wrote the opinion), Black, Frankfurter and Reed are Roosevelt appointees; Stone made his antitrust position clear when he recently delivered a stiff opinion (*BW*—Mar 30 '40, p 17) holding the Ethyl Gasoline Corp. guilty of violating the Sherman act. Only for the record is it necessary to note that Hughes and Murphy did not participate in the Madison case and that Roberts and McReynolds dissented from the decision holding 12 major oil companies and five of their officers guilty of conspiring to fix and raise gasoline prices in the Midwest in 1935.

Congress won't be readily persuaded now or later to give serious consideration to tightening up the antitrust laws, although Thurman Arnold, trust-busting Assistant Attorney General, would dearly love to boost the penalties for violations and pin them on corporation officials responsible for company practices transgressing the law.

The Madison case was the keystone of Arnold's current antitrust drive. Defeat would have been fatal, but, having won, Arnold will push enforcement as far as the funds he can wangle out of Congress will permit. Only a new political dispensation which might allow perfunctory prosecution of the law would counteract the Court's position.

Labor Case Still to Be Settled

Arnold still has to get the court's O.K. in his attempt to bring the building trades unions to book under the antitrust laws for trade restraints alleged to result from jurisdictional disputes, restrictions on the use of equipment, boycotts of certain materials, etc. Such restraints, it is claimed, have hampered the building industry particularly and maintained the cost of housing at artificially high levels. An adverse decision from the court in Arnold's drive to discipline the unions would be a severe blow to his policy, but would have little effect on his over-all campaign to check concentration in industries, revive competition, and break down prices.

The question of whether labor unions are subject to the antitrust laws is up in the Apex Hosiery case, which the court

will decide shortly. It's possible, however, that the court may ignore that issue simply by finding that the facts in the case don't involve interstate commerce. But if the Apex case is a dud, others will be coming along. The court already has consented to rule on the validity of an indictment against William L. Hutcheson, A.F.L. vice-president, in a case that will test Arnold's contention that jurisdictional disputes between unions are illegal restraints of trade.

Even If "Abuses" Are Eliminated

The court's sweeping decision in the Madison case turns primarily on the price-fixing issue. Said the court: "Under the Sherman Act a combination formed for the purpose and with the effect of raising, depressing, fixing, pegging, or stabilizing the price of a commodity in interstate or foreign commerce is illegal *per se*."

Elimination of so-called competitive evils is no legal justification, Justice Douglas observed, remarking that this defense is typical of the protestations usually made in price-fixing cases. He said that, if so-called competitive abuses were to be appraised, the reasonableness of prices would necessarily become an issue in every price-fixing case, and the Sherman act would soon be emasculated.

That other factors contributed to the rise and stability of the gasoline market



James Henry Lewin, in charge of prosecution of the Madison oil case, scores a notable victory for Assistant Attorney General Arnold's drive for enforcement of the antitrust law.

was held immaterial. This aspect of the opinion will render the defendant oil companies subject to numerous damage suits by big gasoline buyers.

The court's opinion is an affirmation of its own strong language in the Trenton Potteries case of 1927, in which the court held that agreements for price maintenance of articles moving in interstate commerce are, in themselves, unreasonable restraints within the meaning of the Sherman act, because they eliminate competition.

The court brushed aside the defendants' claim that its decision in the Appalachian Coals case of 1933 afforded them an adequate defense. In that case, certain producers set up an exclusive selling agency for the purpose of mitigating injurious conditions in the industry. Justice Douglas noted the parallel, but pointed out that the methods employed to deal with "distress coal" and "distress gasoline" were quite divergent. Moreover, the court had expressly reserved jurisdiction if operation of the coal plan proved to be an undue restraint on interstate commerce.

Facilitates Other Actions

The decision in the Madison case is expected to expedite another action by the Department of Justice to divorce the major oil companies from their marketing operations. It will also speed a pending suit involving curtailment of cotton print cloth output in order to rectify the ailing conditions of that industry. The government expects that the defendant mills will be discouraged by the Madison decision from trying to fight it out.

The history of the Madison case goes back to June, 1935, when independent oil jobbers, through the National Oil Marketers Association, complained to the Attorney General that they were being seriously injured by the activities of major companies. Investigation by the antitrust division resulted in the impanelling of a grand jury in May, 1936, by Federal Judge Patrick T. Stone, at Madison, Wis. This jury and a subsequent one returned two separate indictments in December, 1936.

Trial of the first indictment resulted in January, 1938, in a verdict that 12 corporations and five of their officers were guilty of conspiring to raise and fix the spot market tank car prices of gasoline sold in the mid-west market, through the operation of buying pools in Oklahoma and Texas. Judge Stone levied fines of \$5,000 each on the companies, and \$1,000 each on the five officers.

Motions by the defendants to set aside the verdict were denied, but on appeal to the circuit court at Chicago, a new trial was ordered by Judge Major. The government then appealed to the Supreme Court and it was on this appeal that Monday's decision turned.

The Supreme Court previously had affirmed Circuit Judge Major's decision

denying a petition by the government for a mandatory order against Judge Stone for setting aside the jury's verdict and dismissing the indictment against one oil company and 10 individuals.

Guffey-Vinson Test?

Coal operators wonder if new minimum bituminous prices will end up in the judicial ash can.

WILL the minimum bituminous coal prices to be set up under the Guffey-Vinson Act stick or will they again be tossed into the judicial ash can? Canvass among operators attending the American Mining Congress 17th Annual Coal Convention and Exposition at Cincinnati last week revealed that this question was uppermost in the minds of coal executives. While market experts pore over the voluminous schedules proposed by the Bituminous Coal Division of the Interior Department, their bosses generally express more interest in the fate of the whole regulatory scheme than in specific prices.

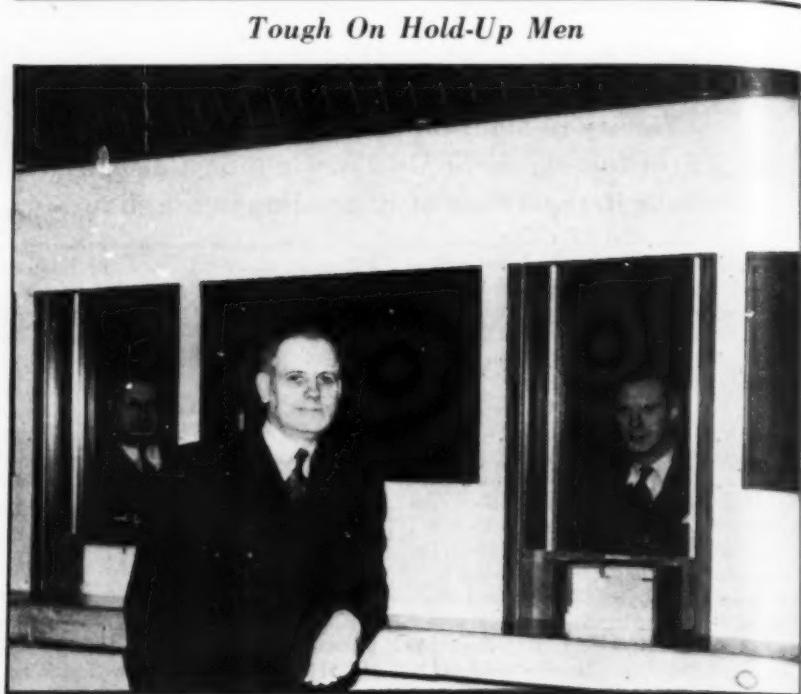
Announcement from Washington that producers might incorporate clauses in their contracts to rebate any increase in prices imposed by the minimum schedules in case the law should be held unconstitutional has not made doubts less disturbing. No such ruling accompanied the first attempt at price-fixing by the now-defunct National Bituminous Coal Commission. When that agency withdrew its prices in February, 1938, rebates became a subject of bitter controversy.

Wide Range of Views

Opponents of the law see the present ruling as an Administration effort to discourage court attacks on the new schedules since such attacks, if successful, would dip into coal-company cash for refunds.

Detailed knowledge of what the Bituminous Coal Division proposes in actual prices has effected no major revolution in industry opinion on the workability of the law. That opinion still ranges from active support of price-fixing through apathy and indifference to frank opposition.

The price schedules to be acted upon in the next few weeks by the director of the Bituminous Coal Division are based upon those proposed by the defunct commission shortly before its functions were transferred to the new division. As the result of the hearings which began a year ago, however, the present schedules include numerous changes made to satisfy the protests of individual producers and consumer groups. How far these changes have gone in eliminating potential appealers to the courts or what new protestants they may have created is still to be disclosed. But this picture should be clearer when oral



Cashiers and tellers in the Springfield, Ill., state treasury ought to feel pretty secure working behind this new steel wall. The glass panels in the wall are bullet proof. All money is passed through a revolving turnstile. Along the spikes at the top of

the wall are strung a series of thin wires, and contact with any two of them makes a circuit of 18,000 volts. The cost of installing the wall is expected to be more than made up by the \$4,000 which will be saved annually in insurance costs.

arguments on exceptions to the proposed price schedules are heard by Director H. A. Gray on May 17.

Auto Horse-Trading

Over-allowances are order of the day as dealers seek to clear decks by cutting unit profit.

AUTOMOBILE retailing in the past few weeks has taken on largely the aspect of old-fashioned fire-sales the country over—particularly in the eastern section of the United States. "Volume" has once more become the objective of the vast majority of dealers in practically every line, at the expense of unit profits.

Contributing are a number of factors. Used car sales have accelerated rapidly with the coming of good weather and are moving at the fastest rate in some time. Clean-up time for model changes is rapidly approaching, which makes it necessary to move inventories off dealers' floors and out of the factories.

As a result, factory encouragement of volume selling at low profits has been finding receptive ears in most dealer organizations. Since prices of new cars are fairly well stabilized today as the result of industry standardization on

"delivered" price advertising, trading is following the usual path of least resistance—over-allowances on used cars.

Though used cars are bringing somewhat better prices than 60 days ago, the increases in allowances generally current, as compared with theoretical "book" valuations, are even higher.

As long as used cars continue to move at present rates, the development presents no serious problem. Only danger is that used car sales may suddenly drop off, leaving dealers loaded with used cars bought at higher than practical-to-move prices.

Used car "losses" of \$100 or more per car are not unusual today, even with dealers handling the so-called low-priced lines, including the big three—Ford, Chevrolet and Plymouth. Losses offsetting new car profits are even higher among dealers in intermediate groups, including Buick, Chrysler, Dodge, Packard.

In some sections, dealer groups are actually advertising specific over-allowances to capitalize on the automobile merchandising principle of "horse-trading."

Meanwhile, however, production is still tapering off. May production should be under 400,000 passenger cars and trucks, according to present schedules, and probably between 350,000 and 375,000, compared with roughly 425,000 in April.

California Replies to Steinbeck

State Chamber of Commerce, urging national action to check inflow of unemployables, offers program stressing need for rehabilitation and adequate housing.

CALIFORNIA'S MIGRANT farm labor problem is not solving itself. During March, 5,007 unemployed persons trekked into the state compared with 3,790 in March of 1939. The first three months of 1940 saw 11,210 migrants enter the state, an increase of 18% over the same period last year.

Confronting such facts, California business last week finally issued its own documented appraisal of the situation—a report which had been widely heralded as the state's answer to John Steinbeck's "Grapes of Wrath." The State Chamber of Commerce made public the conclusions drawn from a survey by its Migrant Committee, following lines previously charted (*BW—Feb 10 '40, p16*).

The California chamber's suggestions were presented by Harrison S. Robinson, chairman of the committee, after eight months of research by Paul Eliel, head of the Industrial Relations Department of Stanford University.

Mr. Eliel's staff reported that the continuing and increasing influx is chiefly responsible for the belligerent attitude of local residents in the San Joaquin Valley, whose "major instinct of self-preservation has led them to oppose certain types of welfare projects which appear socially desirable to persons far removed from the scene but which, according to local viewpoints, will result in attracting more distressed workers from places where similar aid is not available." This explains (says the chamber report) why the problem must be handled on a national scale.

Federal Aid Proposed

The committee declares emergency measures should be set up immediately to retard and control out-migration from states of origin or check inflow of more unemployables to California.

The report proposes a "six-point program" which is important because it will be the basis of action by the state chamber:

(1) Rehabilitation in distressed areas: Federal relief programs should be increased in states of out-migration and public assistance supplemented by federal grants in aid or other emergency methods. Local and state support should be encouraged by federal matching grants.

(2) Federal housing: Farm Security Administration migratory labor camps should be continued as an emergency measure and funds be spread to provide housing units for the largest number of families. Smaller camp units, more widely

scattered, are necessary, and a mobile camp program should be set up to serve areas where workers are needed only for short periods.

(3) Private housing: Farmers must develop permanent housing facilities on their own land, possibly with government help in financing. (These facilities eventually should accommodate about one-third of the migrant families.)

(4) State Employment Service should be re-organized to serve California's needs more adequately.

(5) Continued efforts are needed to "stop unsound employment and labor practices in Arizona."

(6) The Chamber should support the Tolan Resolution (H.R. 63) creating a joint Congressional Committee to investigate interstate migration and urge the National Resources Planning Board to study re-establishment of migrants in states of origin. (The House had already adopted this resolution unanimously by the time the report appeared.)

No Handbills from California

The report becomes a bit snappy about the Arizona practice of advertising for cotton pickers in the dust bowl states and, incidentally, finds "no evidence that any California farmers, organizations, or other representative agencies have carried on any labor recruiting . . . using handbills, newspapers or other advertisements."

According to the Chamber's survey, cotton pickers are lured to Arizona and,

when the season ends, are shunted over the California border.

Among other new facts disclosed in the report are:

(1) Since 1930, about 1,200,000 persons seeking employment have settled in California, more than 75% of them in the last five years.

(2) Population in the five San Joaquin Valley counties has increased 37% in 10 years compared with 11½% in the other counties, with an attendant increase in the relief load (see chart).

(3) In Kern County, hub of the Okie influx, annual cost of maintaining free hospitalization for indigents has jumped from \$298,000 in 1935 to \$858,000 last year. School levies in the five counties have increased 120%.

(4) A surprisingly large portion of migrants comes from urban or semi-urban areas. Only about one-third are employable on farms and most of these are not accustomed to the mechanization and "slightly higher tempo of work" that is required on California farms.

(5) Farm wages per day, without board, during January this year averaged \$2.85 in California, \$1 in Arkansas, \$1.25 in Texas and \$1.35 in Oklahoma and Missouri.

Almost concurrent with the report has come the appearance of the Secretary of Agriculture and the Secretary of Labor before the Senate Civil Liberties Committee, in Washington, to discuss the migrant labor problem.

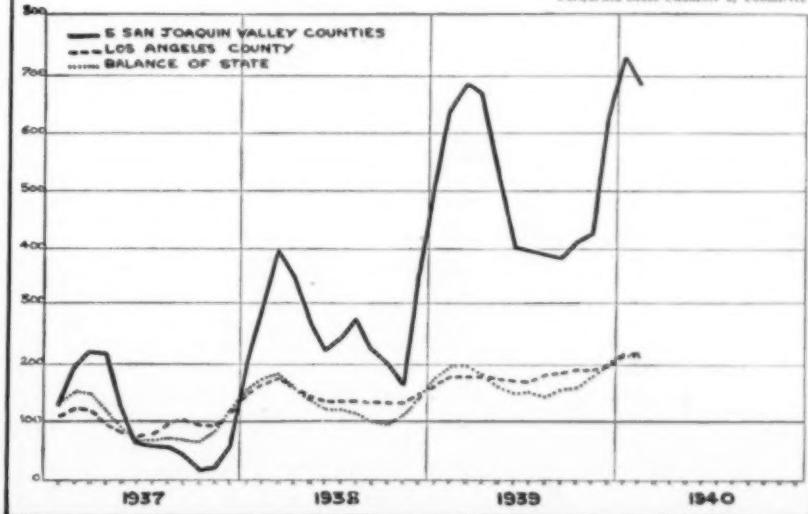
Secretary Wallace, urging increased use of federal funds for rural rehabilitation, said mechanization made it possible for the nation to meet all the normal requirements of farm production "with 1,600,000 fewer workers than were needed ten years ago."

Secretary Perkins said the time had come "to think of extending social security legislation to the agricultural workers, especially those on industrialized farms." Extension of the Wage-Hour Law should be considered, too, she declared.

TRENDS IN UNEMPLOYMENT RELIEF CASELOADS

INDEX NUMBERS - 1937 MONTHLY AVERAGE = 100

California State Chamber of Commerce



Reno Woos Industry

Plans national campaign to advertise Nevada as "cyclone cellar for the tax weary."

WHILE THE LITTLE ivory balls clicked on the roulette wheels and the sing-song chant of the bingo number-callers echoed along Reno's main streets, leading business men of "the biggest little city in the world" last week began a hunt for new enterprises. In the dignified quarters of the Chamber of Commerce, they completed their plans for a

national promotion campaign designed to attract both factories and tourists.

Newly awakened to industrial possibilities, Reno business is raising about \$25,000 to advertise Nevada as "cyclone cellar for the tax weary." Divorce will be played down and the emphasis placed on tax exemptions and the state's financial structure, especially the fact that Nevada has no income tax, inheritance tax, death transfer tax, or sales tax, collects no tax on intangibles, and yet has no bonded indebtedness.

A couple of weeks ago, members of the chamber were queried on what types of promotion they preferred for the

forthcoming effort. The result, in percentages favoring the various media

Booklet on taxes.....	64
Billboards	61
Nat'l advertising in publications	58
Folders for distribution	58
Permanent campaign manager	49
Windshield stickers.....	36

Meanwhile, Big Neighbor California is not unmindful of the threat implied in Reno's plans. Particularly annoying to the Golden State is the growing number of wealthy persons summering on the Nevada side of Lake Tahoe who, for tax evasion purposes, prefer to regard the latter state as their permanent residence. Three months' absence is a basis for disclaiming residence in California whereas a six weeks' stay establishes franchise in Nevada.

Cold to Taxers' Zeal

Also annoying to California is the number of native sons who do their week-end gambling in Reno and incidentally deprive California of its 3% sales tax on their retail purchases. Recent attempts of the California Board of Equalization to collect on these purchases found the Golden State collectors a bit far afield. Requests that Reno merchants report sales of valuables and heavy goods like furniture, automobiles, tractors and machinery to California tax authorities find Nevadans coldly unresponsive.

Also bringing complaints, particularly from San Francisco jewelers and florists, is California's new physical examination law, which has transferred a surprisingly large part of the state's marriage business to Nevada. Figures show that Reno's marriage licenses, normally 400 to 500 a month, jumped to 1,400 after the California law went into effect.

Likewise offensive to Californians are Nevada's truck registration laws which assess commercial vehicles entering the state \$20 a year plus \$1.50 per 100 lb. unladen. New weighing stations on the border are enforcing these restrictions.

Nevada Has Grievances, Too

On Nevada's side, chief complaint is against California's agricultural quarantine, especially the restrictions on alfalfa, potatoes, and other farm produce. Residents of Virginia City, where something like a mild mining boom appears to be getting under way, also resent the Hollywood claim that it took a motion picture and a premiere to put the place on its feet.

Nevadans were made Chamber-of-Commerce-conscious last Fall when threatened enactment of the Ham & Eggs pension scheme impelled many California firms, including the San Francisco Stock Exchange, to secure option leases on Reno business property and to make plans for moving.

Pacific Coast Borax Rides Again



Two 50 year-old wagons, drawn by 20 mules, and driven by Wallace Beery, rolled down Broadway in New York City this week, climaxing a transcontinental trek which began in Los Angeles on April 4, and served as a double-barreled publicity stunt for Metro-Goldwyn-Mayer, which has just released a motion picture saga of the early days of borax mining, known as "20 Mule Team"—and for the Pacific Coast Borax Co., producer of 20 Mule Team borax products.

This is the third time the borax company has cashed in on its well-known trade mark by sending wagons across the country. The first time it was for the St. Louis Exposition in 1904; the second trip was in 1918. Both those treks took two years. This time things were speeded up by sending the mules and wagons by train to Kansas City, Mo., and carting them between cities in specially-built Fruehauf trailers. After taking

in the World's Fair opening, the wagon train goes to New England, finally winds up in Washington, D. C., on May 22. The wagons will then be brought back to New York as a permanent exhibit in the Fair's transportation building.

Costs of the expedition—which has a crew of 12—are running to about \$250,000, and are being borne jointly by M-G-M and Pacific Coast Borax. Wallace Beery, star of the movie (in the center of the hurly-burly above), joined up for the last lap of the trip and the New York opening of the picture this week.

This probably marks the first time a trademark has been used as the title of a motion picture. M-G-M had to get the borax company's permission to take it over. Pacific Coast Borax isn't missing any angles, is plugging the trek on its weekly radio program, "Death Valley Days," which it claims is the oldest single-sponsor program on record.

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You Can't Beat BOTTLED BEVERAGES

and Bottlers say

You Can't Beat International Trucks



Outstanding popular truck for bottlers
is the International Cab-Over-Engine
Model D-300 with its ideal 5-5 load
distribution. Unusual maneuverability
saves time between stops in city hauling.
The comfortable cab provides easy riding,
wide-angle vision and maximum
safety for driver, truck and load.

IT'S a grand old American custom
to slake your thirst with a delicious,
sparkling bottled beverage.
The cost is small and the satisfaction
great.

Over 7,500 independent bottling
companies distribute 21 billion
bottles a year through half a million
outlets, making the retail volume
just about an even billion dollars
annually!

Transportation is a factor of the
most vital importance in the bot-
tling business. Bottlers themselves
will tell you that flavor sells their

products but their profits depend on
their trucks. That's why so many
bottlers standardize on Interna-
tional Trucks!

For any business, Internationals
offer a complete range of sizes,
from $\frac{1}{2}$ -ton light-delivery to power-
ful six-wheelers. Each model is
engineered to do its job at the
lowest possible cost per ton or per
mile. The International dealer or
Company-owned branch nearest
you will demonstrate International
performance and economy any
time you say.

INTERNATIONAL HARVESTER COMPANY
(INCORPORATED)
180 North Michigan Avenue

Chicago, Illinois

INTERNATIONAL TRUCKS



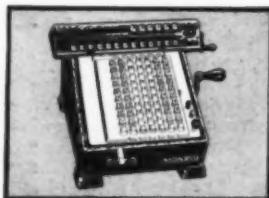
MARY'S cookery has been crowded out by **too much machine**. Her mistress's anaemic sales resistance and Salesman Smith's incomplete line of refrigerators account for this glistening white elephant. It couldn't **really** happen in your home because all refrigerator manufacturers make a multitude of sizes—but it might happen in your office with figuring machines; and to be sold too much (or not enough) figuring machine for your particular needs means a serious loss of time and money.

IT CAN'T HAPPEN WITH MONROE

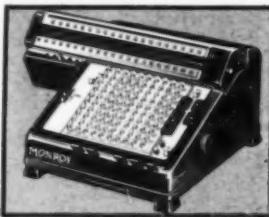
Monroe's line is **complete!** Take adding-calculators; **Monroe has 24 to choose from!** All the way from the small, hand operated Model L to the remarkable Model A-1, "master mind" of all automatic calculators.

In short, **ONLY MONROE** can give you the "perfect fit" so important in buying figuring machines.

There is a Monroe for every figure job—adding-calculators, adding-listing, bookkeeping, check writing, and check signing machines.



Lowest priced keyboard adding-calculator on the market (Model L). Multiplies, divides, adds, subtracts. Spot-proof keyboard. Light weight portability. Hand operated. Ideal for office figuring or use at home.



For easing the load of volume figures, Monroe Calculator A-1 has no equal. Completely automatic, with automatic short-cut multiplication — a new and unique time saver in mechanical figuring.

Gas Woes Pile Up

Price cuts, rather than price rises, greet new touring season, but stocks may be trimmed.

IN NEW YORK LAST WEEK, Socony-Vacuum Oil Co. started off the month of May with a $\frac{1}{4}$ ¢ a gal. cut in wholesale gasoline prices. To motorists limbering up their cars for the opening tourist season, this came as a pleasant surprise, since lower wholesale prices naturally mean lower retail prices. But to the petroleum industry, with profits at stake, the cut was simply another symptom of a distinctly unhealthy situation—**too much gasoline.**

Gasoline prices have been declining at a time when they should be rising. *National Petroleum News'* average of tank car prices last week stood at 5.53¢ a gal. against 5.84¢ a gal. a month ago.

This situation results from the industry's inability to control gasoline inventories which climbed to the unprecedented total of 102,817,000 bbl. last month, 15,000,000 bbl. above a year ago, thanks in large part to the unprecedented demand for heating oil, a gasoline by-product. The late advent of warm weather and disappointing export business added their bit to the problem.

Some States Reduce Allowables

The real test is yet to come. If, during the next few months, the industry is able sufficiently to draw down gasoline inventories then the situation may correct itself. A step in the right direction was taken last week, when some of the oil producing states cut their May allowables of crude oil production closer to (though still above) the Bureau of Mines forecast of demand.

Meanwhile, refiners in New York and Chicago have been setting "top" prices on fuel oil contracts for the coming winter. These "top" prices are the maximum that contracting consumers will have to pay for their heating oil, no matter how high spot prices may go. For next season, however, these "top" prices are 1.25¢ a gal. higher in New York and unchanged in Chicago.

Retail Price Battle Ended

Two of the biggest oil producers—Texas and Illinois—have been in the news of late. Texas last week marked the end of one fight and the extension of another. The fight that ended was a retail price war centering around Kilgore, where gasoline prices, including taxes, had dropped as low as $7\frac{1}{2}$ ¢ a gallon, before a major refiner forced a price boost. The other fight—that involving the Texas Railroad Commission's authority to prorate the flow of crude oil—finally reached the Supreme Court. Humble Oil & Refining Co. has charged that the commission does not allow it a fair share of

The Case of the BLACK LIQUOR FUMES

**SOLVED
WITH
PREVENTIVE
MAINTENANCE**

THE paper mill superintendent rubbed his finger over the corroded disc in his hand.

"There's another valve ruined by those black liquor fumes escaping from the digester," he exclaimed, and tossed the disc over to the Crane salesman. "Orders are piling up, and here we are shut down for three days to replace that valve."

The superintendent, it was easy to see, was near apoplexy, and the Crane salesman nodded his head in sympathy.

"Just replacing that valve with another like it will mean more shutdowns later on," he said. "This looks like a perfect case for Preventive Maintenance."

"We will replace with valves whose seat and discs can stand the corrosive action of black liquor—that will end trouble on this line."

In almost every plant there are in-

stances where the application of Preventive Maintenance will reduce maintenance costs, guard against shutdowns, prevent waste. Sometimes these cases, as in the instance of the paper mill, are caused by corrosion. More often they are simply valves that leak—valves that stick—valves whose performance isn't quite what it should be.

You will find that an analysis of piping in your plant will, in all probability, show cases where Preventive Maintenance, applied by your Plant Superintendent, or the man responsible for piping, will reduce your maintenance costs.

Why not ask your Superintendent to check over the need for Preventive Maintenance on the valves on your pipe lines. The Crane man will gladly assist him by making recommendations to solve your problems in flow control.



Extra Heavy Iron Body Globe Valve



CRANE

CRANE CO., GENERAL OFFICES:
836 S. MICHIGAN AVE., CHICAGO
VALVES • FITTINGS • PIPE
PLUMBING • HEATING • PUMPS

NATIONWIDE SERVICE THROUGH BRANCHES AND WHOLESALERS IN ALL MARKETS



MILLIONS of dollars are now available, through special arrangements with private financial interests, for manufacturers who plan new construction or expansion in New Jersey.

- Many small and medium-sized companies with expanding business have postponed necessary plant expansion because the recent Federal Undistributed Profits Tax has seriously depleted their reserves.
- *But you can build in New Jersey. The money is waiting for you.*
- Capital is quickly available to sound businesses not only for building new plants for themselves, but for the construction of new plants for their occupancy on a lease and option-to-buy basis.
- If you need a new plant or an addition to your present plant . . . if you plan to move or decentralize your operations, then find out how this new financial arrangement can help you. Complete details on request, without obligation.

Write Dept. B-6, New Jersey Council, State House, Trenton, N. J. Also ask for the booklet, "New Industrial Digest of New Jersey."



NEW JERSEY

A good place to WORK, to Live and to Play

P.S. No income tax—personal or corporate, highly skilled cooperative labor, unexcelled transportation facilities, proximity of major markets, low cost utility service . . . are reasons why more than 1000 industries started operations in New Jersey last year.

crude output in the East Texas field (where it owns 14.3% of recoverable oil, it says, but is allowed only 11.15% of the daily output). A lower court has upheld Humble Oil's contention.

Meanwhile, oil men look with interest upon the convening of the legislature in Illinois, to see if any legislation providing for the regulation of crude oil production might emerge from the special session. Illinois is one of the two major producing states with no proration laws; because of its unrestricted production and its repeated underselling of competitive producers, it's been a thorn in the side of the petroleum industry. But legislation or no, recent reports seem to indicate that Illinois has at last reached its peak in production, but only after it

displaced Oklahoma as the nation's third largest oil producer.

Vitally important to railroad-using refiners is the recommendation by an Interstate Commerce Commission examiner that trainload rates be permitted for shipments of petroleum products from southwestern to midcontinent points. Trainload rates (which give shippers of trainload or multiple carload quantities a preference over shippers of single carloads) were first sanctioned by the ICC last December, in the famous blackstrap molasses case (*BW—Dec 23 '39, p. 22*). If the full commission approves extension of the trainload-rate principle to petroleum products, it will enable the railroad-using refiners to compete more effectively against those owning pipelines.

If Credit's Good, You Travel on It

New service enlisting 66 railroads and 950 banks covers rail, steamship, Pullman, baggage, or express costs on simple monthly-payment note basis.

ANNOUNCED this week and effective May 20 is the new travel credit service that has been brewing ever since last summer (*BW—Mar 30 '40, p. 4*). Sixty-six railroads are in the deal, which means practically every major American road except the Missouri Pacific, Southern Pacific, and Monon. On the other end are 950 banks. In the middle, by right of devising the

plan and servicing it, is Travelers' Credit Corp.

The set-up is extremely simple, considering the large number of participating companies. The railroad still sells its travel for cash, as required by law. The bank nearest the traveler's home passes on the credit, makes the loan with its own money or turns it down, handles it

Packing Coffee Under Pressure



The latest attack on oxygen, the airborne enemy of roasted coffee, is led by Jay E. Tone, president of Tone Bros., Des Moines coffee packers, and his two-cycle pressure-packing machine (shown above). The first cycle sucks air out; and the second

introduces, under pressure, an oxygen-free gas containing the "flavor vapors" of freshly roasted coffee. "When opened," Mr. Tone declares, "the delicious w-h-o-o-s-h of fresh coffee fragrance is our omen of achievement."

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SHOULDERING RESPONSIBILITY

where *Control* means
Economical Production



STEEL

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PAPER



CEMETRIES
TEXANES

DUPONT

FOODS

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TRADE Libbey MARK
CERAMICS

KEEP quality up and bring costs down! This is the twofold demand of modern industry. Leading manufacturers of steels, chemicals, papers, textiles, ceramics and countless other products have solved this problem through measurement and control of temperatures, pressures, flows and liquid levels — the vital factors that affect production costs.

Product improvement, process simplification and increased economy can be one or all three of these problems in your plant.

In plants large or small — here and abroad — Brown Instruments are "Shouldering Responsibility" by furnishing the essential information to executives and plant managers which enables them to find a better way to standardize quality thereby

making increased profits possible and growth assured under modern competition.

Regardless of the size or complexity of any measurement or control problem, Brown Engineers give unbiased counsel in the application of Indicating, Recording and Control Instruments for the regulation of process variables by either electric, air-operated or combined electric and air-operated control systems.

THE BROWN INSTRUMENT COMPANY.
A division of Minneapolis-Honeywell Regulator Co.,
4525 Wayne Ave., Philadelphia, Pa. Branch and
distributing offices in all principal cities. Toronto:
117 Peter St. — Amsterdam-C, Holland: Wijdesteeg
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kajen, 7.



Write for your copy of the
booklet, "Instruments from
the Executive Viewpoint".
It tells you how an invest-
ment in Brown Instruments
pays dividends.

KEEP PLANT COSTS AND PROFITS UNDER CONTROL WITH

BROWN INSTRUMENTS
AND MINNEAPOLIS HONEYWELL CONTROL SYSTEMS

For Temperatures Pressures Flows Liquid Levels



Set Brown Instrument Central Control Board at the
National Distillers Products Corporation, Cincinnati, Ohio

TO MEASURE AND CONTROL IS TO ECONOMIZE

throughout as a purely local monthly-payment note. But it uses forms provided by T.C.C., and pays out the proceeds to the railroad, not to the borrower.

Best guesses are: typical borrower, Miss Mary Brown, who teaches in the high school; typical purpose, a summer tour of the national parks on a scale more elaborate than the school-year's savings can quite cover.

Miss Brown goes to the railroad ticket office, gets a form combining a credit application addressed to T.C.C. and a promissory note in favor of T.C.C. but payable at a local bank. She signs these, hands them to the ticket agent, is told

to come back next day. Then the agent telephones the bank to send over a boy.

Participating banks promise 24-hour decisions. If the answer is "No," Miss Brown is handed a sealed envelope containing her signed note and a rejection slip signed by T.C.C., thus letting the bank slide out without losing any hometown goodwill. If the bank wants the loan, it hustles over a cashier's check payable to the railroad so that the ticket agent can make out the desired transportation. When Miss Brown arrives, she is handed her ticket with each coupon inconspicuously marked so that any cash refund will go to the creditor bank.

Sole restriction on amount is that the purchase must total at least \$50. The small notes require six monthly payments, the larger notes run for twelve months. The borrower can pay all railroad, steamship, Pullman, baggage, or express costs on extended terms, even finance all-expense tours. No down payment is necessary.

T.C.C. is incorporated for \$100,000, has paid-in capital of \$50,000, and the individuals behind it have plenty of money to provide for any likely volume of business. Company headquarters are at St. Joseph, Mo., but will probably be moved to Chicago soon. St. Joseph organizers are: president, Walter S. Hillyard of Hillyard Chemical Co.; vice-president and secretary, H. Templeton Brown, attorney; treasurer, William C. Barrow of Barrow Bros. Investment Co. Also in the picture are executive vice-president, Marshall R. Diggs of Washington, former acting comptroller of the currency; and vice-president, James W. Austin of Beverly Hills, Calif.

Aim at Complete Coverage

Diggs has been handling Washington contacts. Diggs and Austin have been lining up banks, one to a town. Thus far 950 towns are covered. Eventual goal is a participating bank in every U. S. banking town, and enough banks willing to lend outside their own communities so that all non-banking towns can get travel loan service by mail. Each bank makes the loans at its prevailing rate of interest for local monthly-payment notes. Banks already signed include: New York, Manufacturers Trust; Chicago, Merchandise National; California, Bank of America; Boston, First National; St. Louis, Mississippi Valley Trust.

Hillyard, Brown, and Austin formerly operated Associated Credit Travel Service of Los Angeles. Doing business only in California and only through travel agents, they found this restricted business so satisfactory that they approached the railroads for the nation-wide connection. Another California experience in travel credit was that of Bank of America. In 1938 it made vacation travel loans to school teachers only; average loan \$160, total loans \$7,000,000.

Advertising Isn't Forgotten

T.C.C. gets its cut in a 2% service charge that the bank collects along with the interest. For this, T.C.C. provides all of the supplies, takes the rap for credit turndowns, and agrees to spend on advertising 15% of its gross revenues, or 1% of 1% of the total railroad travel thus financed. The first year's advertising appropriation is \$25,000, proportionate to nothing except the need to provide half-pages in the *Saturday Evening Post*, *Collier's* and *Life*, and leave enough over for campaigns in a couple of educational papers. The railroads enter the deal having everything to gain, nothing to lose.

'dag' beats heat

**MAINTENANCE DOLLAR
STRETCHED
1500%**

The Forest City Foundries Company, Cleveland, have used until recently a mixture consisting of powdered graphite and kerosine on the conveyor chains of their vertical core ovens. With temperatures exceeding 450° F., application of this lubricant was required once every 3 or 4 days.

Introduction of "dag" colloidal graphite suspended in kerosine has cut this to one treatment every two months. And, as usual, there has been a reduction in flake off, carbon formation and wear.

We don't suggest that this result is typical of what happens in every case. It is another case history, however, from Industry showing the ability of "dag" colloidal graphite to step in where temperatures are beyond the limits of oil.

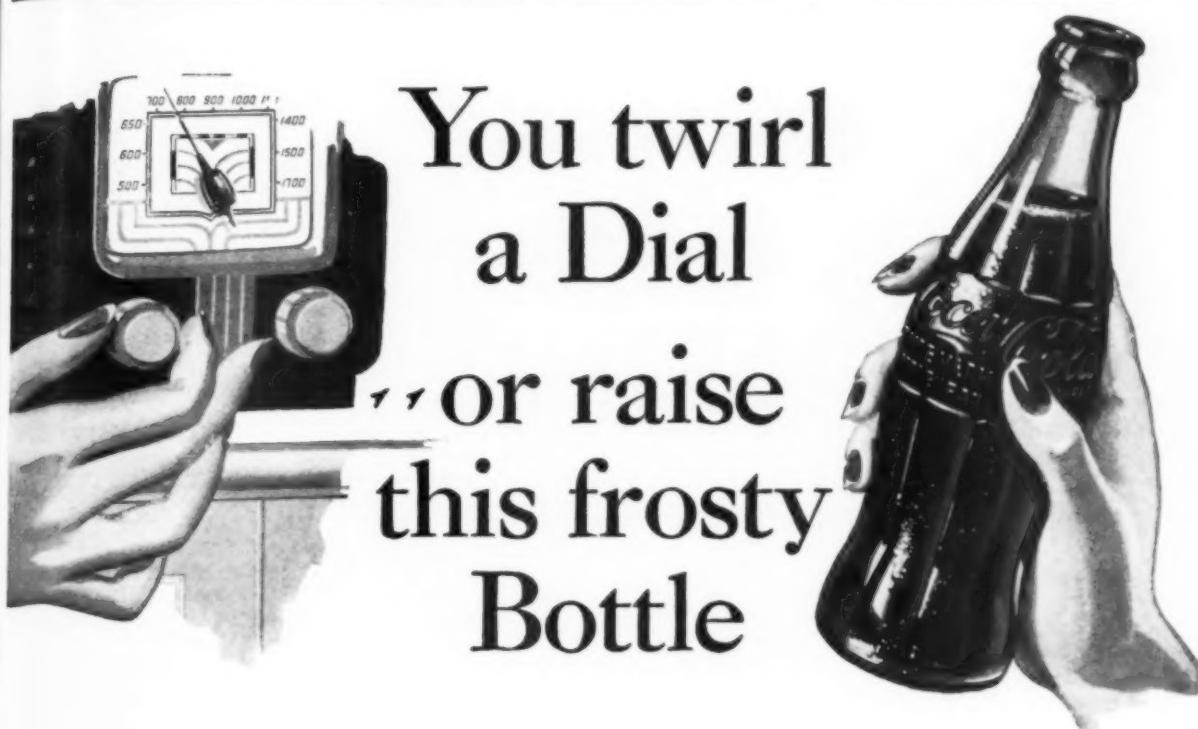
You or your oil supplier can add "dag" to your regular lubricants or to specially selected petroleum fluids. Write us for high temperature Bulletin 130.

**ACHESON COLLOIDS CORP.
PORT HURON, MICHIGAN**

Dag
COLLOIDAL GRAPHITE

Coleman TOWER Core Oven
By The Foundry Equipment Co.,
Cleveland, Ohio

FAMILIAR ACTS THAT MARK A BETTER WAY OF LIVING



You twirl
a Dial
..or raise
this frosty
Bottle

Watch the familiar everyday things people do with their hands. They switch on the radio . . . wind a watch . . . light a match. Simple things, yet in these acts you find the human touch that keeps the wheels of business turning. It's a close-up of the give-and-take between people and industry.

Naturally, these things we do didn't develop overnight. It took a lot to make them what they are. Coca-Cola is a striking example.

Coca-Cola has been a quality drink from the beginning. Fifty-four years ago Coca-Cola was first produced. It was a soft drink with a unique taste thrill and described as "delicious and refreshing." Nobody then could have guessed the tremendous scale upon which it would eventually be produced.

But making Coca-Cola was only part of it. Coca-Cola had to get where you could enjoy it when you wanted it. Coca-Cola has come a long way to do that. It would be

hard to find a place in America where Coca-Cola isn't known . . . where its signs, trucks, coolers, cartons can't be seen. That goes for its many bottling plants and the soda fountains, too. Coca-Cola had to be good to get where it is in American life.

Doing it has been the work of years. But it couldn't have happened if you and millions like you hadn't made it your custom to pause and enjoy the refreshment of ice-cold Coca-Cola.


COPYRIGHT 1940, THE COCA-COLA COMPANY

Your desire for its quality and the work of years have made Coca-Cola the drink everybody knows . . . and *the pause that refreshes* America's favorite moment.



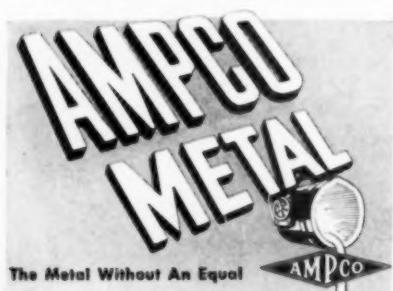
Think of AMPCO METAL

— because Ampco Metal in the vital parts of your plane contributes so much to your comfort and security. In the propeller, motor, and in the plane itself, wherever bronze can and should be used, Ampco Metal assures dependable performance.

Your engineers may have overlooked using Ampco Metal in your products, because they are not familiar with Ampco's unusual wearing qualities. Engineering knows no more exacting specifications than those employed in aircraft work. And this industry has tested, proved and is using Ampco Metal extensively — your assurance that Ampco Metal is RIGHT for your products.

So next time you fly, think of Ampco Metal — think of it, too, when your products require a superior metal part which must be stubbornly resistant to breakage, deformation, fatigue, and corrosion. Send for complete data on Ampco Metal.

AMPCO METAL, INC.
Department BW5, MILWAUKEE, WIS.



Angry Chinese Colony

San Francisco group says Immigration Service is driving off \$1,000,000-a-year business.

THERE IS unusual activity these days around the big, colorful building on Stockton Street, San Francisco, known as Chung Wah Jong Woey Koon, or Chinese General Headquarters. Chinese business leaders have a grievance against Uncle Sam and are preparing a national publicity campaign to tell the world.

Briefly, their contention is that harsh treatment given by the Immigration Service in San Francisco to Chinese American citizens going to and from the Far East is driving about \$1,000,000 of business annually away from the Chinese colony, which has become San Francisco's No. 1 tourist attraction.

As the heads of the Six Companies, most powerful of the Chinese family associations or "tongs" (and virtual rulers of Chinese business in this country) gravely and cautiously discussed the problem around the long table in their elaborate headquarters, it developed that whereas a few years ago 90% of all Chinese American citizens from eastern and middle-western areas returning to China for visits were handled through San Francisco, and spent money there, only about 5% are so handled today. Other U. S. ports, it seems, are getting the business.

They're Good Spenders

As B. S. Fong, aggressive, business-like Six Companies leader, tells it, Chinese en route to the Orient may spend as much as a month visiting in San Francisco. In addition to living expenses, they pay out large sums for American products to take to China as presents for relatives or to sell. Purchases of dried fruits, colored soaps, and novelties have been known to run as high as \$3,000 in individual cases.

When the Chinese (American citizens) return from the Orient after a stay of anywhere from three months to three years, the harsh treatment in San Francisco develops, according to spokesmen for the Six Companies. They claim that their people are forced to remain in government custody too long pending legal hearings to prove their right to enter the country, and word has spread through the Chinese grapevine that San Francisco is to be avoided in favor of other Coast ports.

San Francisco Chinese will appeal to the Commissioner of Immigration in Washington, but will support their plea with a national "campaign of education."

The prospective drive is especially interesting because it brings to public attention for the first time the powerful and wealthy Six Companies or Chinese Consolidated Benevolent Association,

Members of the AGRICULTURAL PUBLISHERS ASSOCIATION

Sponsors of the advertisement on the opposite page, the first of a series dealing with the farm market and the relation of the farm press to it.

AMERICAN AGRICULTURIST
Ithaca, N. Y.

AMERICAN POULTRY JOURNAL
Chicago, Illinois

BREEDER'S GAZETTE
Chicago, Illinois

CALIFORNIA CULTIVATOR
Los Angeles, Calif.

CAPPER'S FARMER
Topeka, Kans.

FARM JOURNAL & FARMER'S WIFE
Philadelphia, Pa.

THE FARMER
St. Paul, Minn.

FARMERS GUIDE
Huntington, Ind.

IDAHO FARMER
Boise, Idaho

KANSAS FARMER
Topeka, Kans.

MICHIGAN FARMER
Detroit, Mich.

MISSOURI RURALIST
Topeka, Kans.

MONTANA FARMER
Great Falls, Mont.

NEBRASKA FARMER
Lincoln, Nebr.

NEW ENGLAND HOMESTEAD
Springfield, Mass.

OHIO FARMER
Cleveland, Ohio

OREGON FARMER
Portland, Ore.

PENNSYLVANIA FARMER
Pittsburgh, Pa.

POULTRY TRIBUNE
Mount Morris, Ill.

THE PRAIRIE FARMER
Chicago, Illinois

PROGRESSIVE FARMER
Birmingham, Ala.

SOUTHERN AGRICULTURIST
Nashville, Tenn.

SOUTHERN PLANTER
Richmond, Va.

SUCCESSFUL FARMING
Des Moines, Iowa

UTAH FARMER
Salt Lake City, Utah

WASHINGTON FARMER
Spokane, Wash.

WESTERN FARM LIFE
Denver, Colo.

Advertisement

C This year farm families will spend 918 million dollars in the automotive field



May by Dale Nichols

How effectively do you present your product to the farm market?

On the farm, real quality and honest value show up quickly. Nowhere is fundamental worth more discerningly appreciated. The farmer is an intense realist. He cuts through unessentials like a header in a wheat field. This realism makes farm pub-

lications welcome above all others in farm homes. They alone recognize the dual character of farming—that it is both livelihood and way-of-living. Only the farm press gives farm people guidance and help in *both*. Farm publications are full-

time partners in everything the farmer and his family do.

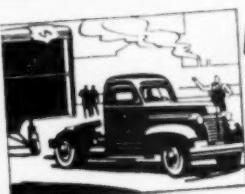
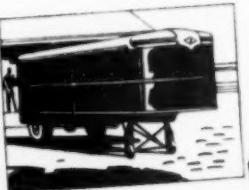
Their influence is great, whether through their editorial or advertising columns. They are indispensable to the advertiser who wants his share of the farmers' dollars.

AGRICULTURAL PUBLISHERS ASSOCIATION

MEMBERSHIP COMPOSED OF NATIONAL, SECTIONAL, STATE AND SPECIALTY FARM PUBLICATIONS



YOU SEE THEM *Everywhere*
**THEY'RE TRUCK-TRAILERS THAT
 SAVE MONEY FOR EVERYBODY**



Here's a modern Fruehauf Trailer. Business men, with loads to haul, in more than 100 different lines of activity, use them. They find them more economical than trucks that carry loads on their backs—to compare them with pack horses, for instance, that carry instead of pull loads.

TAKE THIS TRAILER . . .

COUPLE IT TO THIS TRUCK
 and you have a Truck-Trailer that will actually haul more than 3 times as much as a truck which carries instead of pulls the load. It stands to reason that a truck is able to pull far more than it can carry.

● HERE'S HOW YOU SAVE . . .

IF YOU ARE a business man with loads to haul, you'll save in several ways by using a Truck-Trailer. You'll save on initial cost because you'll be able to use a smaller, less expensive truck. You'll save on gas by using the smaller truck—as much as 30%—and you'll save on upkeep costs—as much as 35%. You'll have less depreciation and you'll pay less when the time comes for replacement. The Fruehauf Trailer is good for ten or more years of service.

Then, too, you may be able to save still more by using a "shuttle" operation—have several Fruehauf Trailers, leave only them to be loaded and unloaded, while the truck does an almost constant job of pulling first one and then another of the Trailers ready to be moved.

IF YOU don't use trucks in your business, Trailers save money for you, regardless. By using them, business men reduce their costs. And, in the vast majority of cases, those savings are passed along to you, the consumer. Competition sees to that. Furthermore, by using Truck-Trailers, business men with commodities to haul—especially perishables—are enabled to get them to you quicker and in better condition. Everybody enjoys the economies made possible by Truck-Trailers.

FRUEHAUF TRAILER COMPANY • DETROIT

Oldest and Largest Manufacturers of Truck-Trailers • Sales and Service In Principal Cities

FRUEHAUF TRAILERS
"Engineered Transportation"



B. S. Fong, retiring chairman, and Chow Tong, new chairman of the Chinese Six Companies, study the prospectus for a national publicity campaign to air grievances against U.S. immigration authorities.

which has about 75,000 members and maintains a system all its own for governing Chinese business.

Outgrowth of the Chinese Merchants Exchange organized in San Francisco in 1865, it was formed by the family associations from each of six districts in Kwantung Province, China. About 30 years ago a seventh family was admitted, but the organization continues to be known as the Six Companies.

Each group has a chairman who is a member of the board of directors of the top group. The seven chairmen rotate as president of the consolidated organization according to the numerical strength of their individual unit. Present ruling head is keen, young, Chow Tong, chairman of the Sam Yup Benevolent Association, replacing B. S. Fong.

More Milk Troubles

WHEN Chicago's milk supply was cut off for two days last week, it was because employers wanted to bring drivers' weekly earnings down from about \$52 to around \$40. After an all-night session, protesting union officers and the bosses finally signed an armistice without settling any issues and agreed that if the two sides cannot get together before May 31, they will submit to arbitration.

Point at issue is whether the wages that drivers have been getting make retail milk prices so high that dairies cannot get enough volume to live on, as the employers claim. Only hitch in possible arbitration, if no other agreement is reached by the end-of-the-month deadline, is that union officers don't yet have the power to submit the issue. They don't foresee any real difficulty here, however, since the Illinois Director of Labor and a federal labor conciliator have recommended that the drivers give them the necessary power.

LABOR AND MANAGEMENT**Canadians Are Irked**

Union members grow restless under war restraint; business caught between labor demands and government restrictions.

STRIKES AND PICKET LINES north of the border are making American business wonder whether the spring winds are blowing down a season of labor trouble. The very fact that Canadians spell it labo-u-r suggests, however, that the labor problems of the Dominion and the United States are not necessarily the same. None the less, the picture which Canada presents—labor in a war economy—is of vital interest to American industry.

The heightened tempo of industrial activity in Canada has been attended, in the last few months, by growing restiveness on the part of organized labor. Strikes on the lake boats, in the women's garment trade, and rumblings of imminent trouble in autos, steel, coal, and textiles indicate a ferment that will affect both the business outlook and the war effort. The contest, apparently, is one between the unions and the government, with business in the middle, and with public opinion still too divided to be decisive.

Competing for the "Margin"

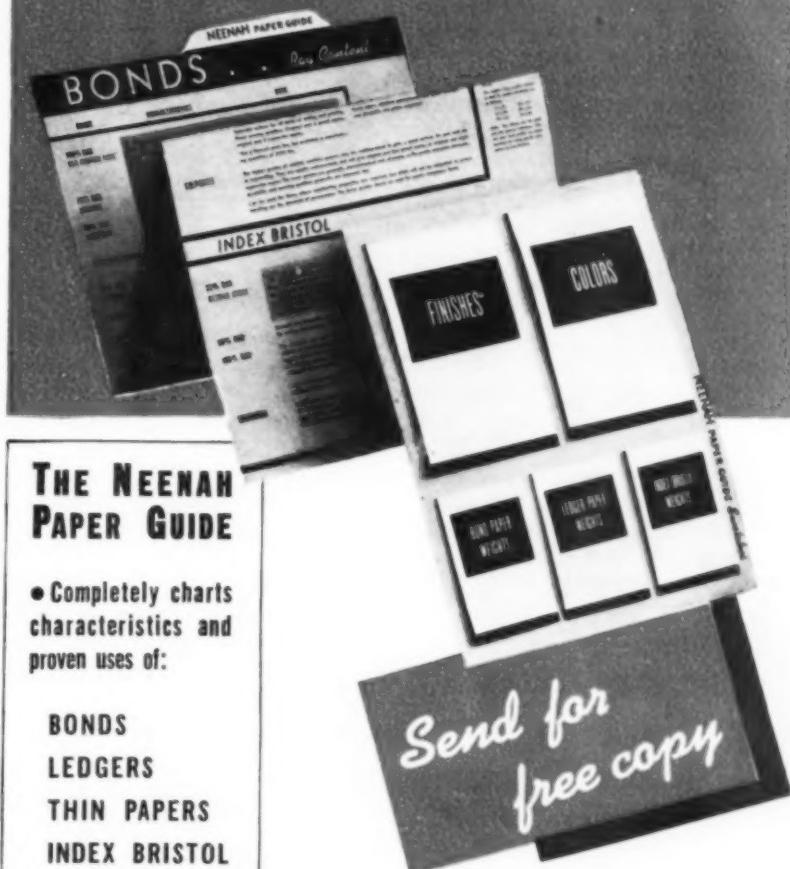
The government's job is to keep production up and the cost of living down, without impaling Canadian economy on the horns of a dilemma. One horn of the dilemma is the sharp rise in wholesale prices since the war began (compared with U. S. figures in chart on page 30). This advance has already begun to be reflected in the workers' food budget, which has gone up 8% in the last six months. The other horn is the necessity for keeping wages down so that increased labor costs do not contribute to further price inflation.

The unions' job is to take advantage of the opportunity to push up wages; hence the approaching thunder. Business men have the job of trying to get along under profit restrictions which, they contend, are too severe in view of the risks involved in new capital expenditures for war production. Anything which labor gains from business must come out of the profit margin which the government determines.

Can Declare a Strike Treason

In peacetime, the provincial governments pretty much have the jurisdiction in labor disputes, except where companies are engaged in interprovincial activities. The Industrial Disputes Act, covering Canadian transportation, mines and public utilities, is much like the United States Railway Labor Act. The Domin-

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ion demands a waiting period for striking, and provides for arbitration.

The War Measures Act, passed at the outbreak of the war, gives Ottawa almost unlimited powers, should it care to use them. Among other things, it permits the Dominion government to declare a strike which interferes with war activities an act of treason. Most of the power given, it was expected, would never have to be used. But the government has already used them as a threat to prevent steel, coal, and shipyard strikes.

Urge English Example

There is agitation in Canada for a further definition of federal policy toward strikes during the war. There is some feeling that use of the emergency powers now might create trouble. Many Canadians fear the effect of such action on civil liberties. In some quarters, there is a demand for extending the peacetime Industrial Disputes Act into a compulsory arbitration measure.

Leading newspapers in Toronto and Montreal have asked that strikes and lockouts be prohibited for the duration, as they are in England. With the government able to use the War Act only when it can make out a clear case of disrupted war effort, there is room for many border-



Data: Dominion Bureau of Statistics, U. S. Bureau of Labor Statistics

Since the war started, wholesale prices in Canada have jumped about 15%; in this country 5%. After the initial uprush, U. S. prices slipped off, turned around when Germany invaded Scandinavia. In Canada,

line cases (such as the recent General Motors trouble at Oshawa) which have

prices moved up into February, then stayed on a high plateau; the advance has meant an 8% rise in the workers' food budget. Canadian problem is to keep wages from rising and implementing an inflation spiral.

dangerous potentialities. Whereas public opinion would probably sanction drastic action against striking lake-sailors and steel workers, there is some doubt that the government could be sure of public support if it used the same measures against auto and garment workers.

The most thoroughly organized group in Canada is the railway workers, with coal miners and building craftsmen next. The C.I.O.-A.F.L. schism, while present, does not exist as sharply as it does in the U. S. Now the two federations are working together, oblivious of their differences, to preserve their right to strike. Indigenous labor organization in Canada is the Federation of Catholic Workers. Confined largely to the textile and pulp industry in Quebec, its estimated 200 local branches are important because of the possibility of their active cooperation with the international unions.

Labor Alert to Its Chance

In some cases the unions are showing an alertness to take advantage of the industrial activity to settle some old scores. The General Motors dispute in Oshawa is an example. There was present, also, the opportunity of cashing in on C.I.O.'s victory in the Labor Board election in the U. S. Object was to alter the working agreement which settled the 1937 strike, and with which the union was never satisfied. The company has agreed to negotiate with the union, with a representative of the Ontario government sitting in.

The Montreal garment strike was settled last week by signing a contract which will run to March 1, 1942. That settlement, too, requires government participation. Under the agreement, the workers will get a 5% wage increase

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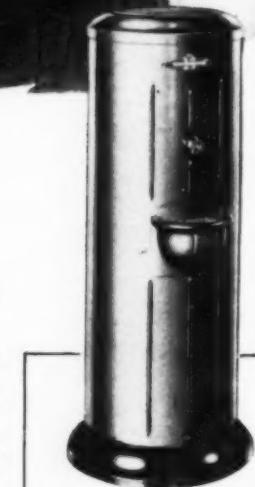


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Costs only 15¢ a day to buy—as little as 2¢ a day to run this efficient Frigidaire cooler. Many other models to suit any water cooling need. Get the facts.

June 3, and another 5% only when the Minister of Labour arranges to bring the whole dress industry under a collective agreement to be enforced by the government.

Crux of the situation is: How stern is the government prepared to be in fore-stalling production halts? The important areas to watch are lake-shipping and steel. The government is active in both of these, as they concern industries affecting the war effort directly. If a strike develops, it will be a real test of the government's announced policy.

Group Medical Plan

Physicians' service made available to employed workers in California at \$1.60 a month.

PATTERED closely after the successful 3-cents-a-day hospitalization plan, which since 1933 has increased its membership from 2,000 to more than 4,500,000 in 60 communities, a statewide medical service is now being offered industrial and commercial employees in California.

Although California is the first state to install the system, 12 other states are said to be contemplating its adoption. Known as the California Physicians' Service, it is a plan whereby 5,300 physicians, or more than three-fourths of the active M.D.'s in the state, offer their services without charge to any worker so insured.

To keep the new insurance within the ranks of employed workers, eligibility is limited to groups of employees and members of unions or similar organizations earning less than \$3,000 a year.

No physical exam is needed, but, to assure a normal cross-section, it is required that small firms sign up 100% of the employees in order to obtain the group policy. In firms of from 21 to 100 employees, at least 50% must join. In firms of more than 100 employees, the requirement is 40%. Total cost of the medical service is \$1.60 a month per worker or \$2.50 for complete medical and hospitalization coverage.

Idea Takes Hold Quickly

Although this new type of group insurance was conceived only last fall, 11,000 employees in 400 California firms are enrolled already, mostly in the San Francisco area. In the same district, 30,000 workers in 700 firms are now paying on the hospitalization plan. Employees of most of the city's department stores and several of the oil and lumber companies and public utilities have joined. In most instances, the initiative has come from the employer but in some cases employee organizations have instigated the plan.

A feature of the system is that there must be only one collection and remittance for the whole group. Employers,

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Status Quo*International*

MRS. MARY NORTON, chairman of the House Labor Committee, and Rep. John McCormack congratulate each other on their success in staving off proposed revision of the Wages and Hours Act. Strategy of the Administration forces was simple and effective: They just amended the amendments to death, tacking on one proposal after another until some part of the omnibus measure was objectionable to a majority. These tactics finally forced Rep. Barden, leader of the revisionists, to vote against his own bill. Mrs. Norton similarly voted against her bill—but then it had been introduced largely as a stopgap to block the revisionists.

acting as the collecting agency, deduct dues from pay envelopes. In a few instances, the medical insurance has been subscribed entirely by the employer.

Initiated originally by the physicians themselves, the new service is said to be a move in opposition to agitation for socialized medicine. Dr. Ray Lyman Wilbur, president of Stanford University, is head of the C. P. S.

Defending the Open Shop

WHOLESALE RESHUFFLING of powerful open-shop employer groups in Los Angeles, in order to block the growing tendency of some employers to negotiate "secret" closed shop agreements, was shaping up quietly this week. Public announcement of the new setup to defend more vigorously the "open shop citadel" is due shortly.

Another objective of the move is to eliminate bickering between various open-shop employer organizations which has grown to serious proportions.

The slate will be wiped clean by the formation of a new top coordinating



Built with concrete, the 7-story Baronol Hotel reflects the modern, progressive spirit of Juneau, Alaska. Donald N. McDonald, architect, Seattle.

Way up in Alaska...

CIVILIAN BUILDINGS WITH CONCRETE

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Alaska isn't all glaciers and dog teams. Modern Juneau, for instance, is a busy industrial city. But it faces certain building problems—heavy rainfall; costly transportation of materials; limited building trades. So Juneau's business men solved the difficulties by building their new hotel with *Architectural Concrete*.

Concrete brings distinctive beauty at low cost because this *one* material serves both structural and architectural functions. It gives the architect

stimulating freedom of design; gives the owner a firesafe, weather-resistant building low in maintenance.

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body built around the venerable Merchants and Manufacturers Association and headed by Paul Shoup. Southern Californians, Inc., formed about three years ago to supervise policies of open shop groups, will be absorbed by the new organization. Board of directors will consist of 50 of the city's prominent employers representing all major phases of Southern California business.

P. S.

THE A.F.L. has called off its four-week-old picket line at Remington Rand's Tonawanda plant (BW—April 27 '40, p. 31) and sent its men back to work on the same terms which prevailed before the strike. The company refused mediation or compromise on the strike issue—the discharge of an employee on grounds of neglect of work and disturbing conduct—and the union suffered a significant defeat. In full-page advertisements in Tonawanda

newspapers, Remington Rand charged that "irresponsible union leadership" had brought about the strike "without any real justification". . . . THE AMERICAN MANAGEMENT Association has scheduled its second Production Conference for May 22-23 at the Hotel Pennsylvania in New York City. . . . PRESIDENT William Green's speech at Dallas is taken to preface a high-powered A.F.L. organizational drive in the South and Southwest. Abandoning traditional respect for craft lines, the federation will issue industrial union charters in a region where the C.I.O. leadership has been handicapped by opposition of rural groups. . . . NEW YORK CITY'S C.I.O.-led taxi strike is petering out. At no time was taxi service appreciably affected by the present dispute. Result may be withdrawal of C.I.O.'s Labor Non-Partisan League support from Mayor La Guardia because he refused to take up the cudgels for the Transport Workers' Union.

PRODUCTION

Safeguard for Steel

Manganese supply assured by new electro-chemical process of extraction from domestic ore.

THUS FAR, despite the war and consequent shipping difficulties, there have been plenteous supplies of manganese ore for steelmakers and bronze founders, coming in from Russia, Africa, Brazil, Cuba, and other foreign points. But even so, the rapid shifts in the theaters of war, the British fleet concentrations in the eastern Mediterranean, the long-standing dependence of the domestic steel industry upon these high-grade foreign ores—all point up the potential importance of a new electro-chemical process for extracting manganese from plentiful low-grade domestic ores found in states ranging eastward and southward from Montana and Nevada to Tennessee and Georgia.

Back in 1934, R. S. Dean, chief engineer of the Bureau of Mines' Metallurgical Division, undertook the finding of "a practical solution of the electrolytic manganese problem." Having found it a couple of years ago, he and his department cooperated with K. M. Leute, president of Electro Manganese Corp. of Minneapolis, in the establishment of a pilot plant at Knoxville, Tenn. There—following a production sequence of reducing ores in an electric furnace in an atmosphere of producer gas, "leaching," filtering, and purifying—metallic manganese 99.9% pure is plated, or electrolyzed, onto polished sheets of stainless steel at the rate of 1,500 lb. per day, and subsequently stripped off the sheets for shipment.

Alloys Offer Possibilities

Since the steelmakers continue to have ample supplies of ferro-manganese and spiegeleisen, the traditional materials used in introducing manganese to steel, they are perhaps not as much interested in the pure metal as Mr. Leute would like them to be. However, he is working intensively with over 70 companies whose research laboratories are experimenting with various new alloys and their eventual commercial application.

One alloy of manganese and copper which is as strong as mild steel, yet has the vibration damping qualities of a fairly soft rubber, seems to have interesting possibilities as a material for sound mufflers, quiet gears, and vibration-absorbing machinery supports. Tests indicate that the material may be used at stresses up to 35,000 lb. per sq. in. without loss of damping qualities. Whereas manganese is usually thought of as a brittle metal, an alloy containing 97% manganese, 2% copper, and 1%



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Addition to the Family

No longer lonesome in the midst of a million humans, Elektro, the mechanical man, now has a mechanical best friend—a dog named Sparko who barks, sits up on his hind legs, wags his tail. J. M. Barrett, father of both, tunes them up for their appearance in the Westinghouse exhibit at the New York World's Fair.

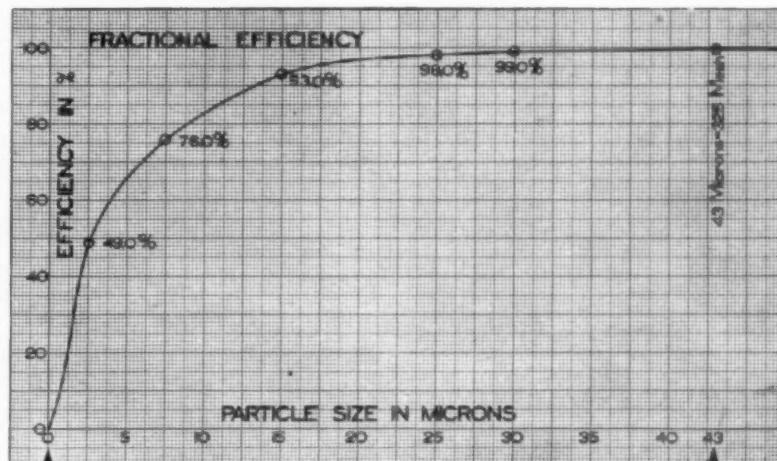
Nickel may be obtained in a ductile form. The same alloy can be heat-treated to the hardness of die steel. Another alloy shows unusual resistance to electricity. Still another resists the transmission of heat like the wooden handle on a frying pan.

Present price of 99.9% manganese is 9¢ per lb. in quantities. As production goes up, prices will come down. Mr. Sute looks forward to the day when the metal will be used as plentifully as zinc. While the high melting point of manganese (2,300 deg. F., as compared with zinc's 787 deg.) may perhaps forbid its use in die casting, there are interesting possibilities in "powder metallurgy." Therein manganese alloys will first be powdered, then pressed and sintered into various mechanical and decorative forms.

Light on Light

Now THAT man-made illumination has been amplified and extended by fluorescent lighting, flood-lighting, germicidal radiations, what-have-you, the new edition of "Artificial Light and Its Application" which has just been published by Westinghouse Electric and Mfg. Co., 150 Broadway, New York, is timely. In it, the company's experts describe and illustrate all types of electric lighting for business, home, and recreation. 295 pages; \$1.25.

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FOR MAILING LISTS of 1,000 names and under, Elliott Addressing Machine Co., 143 Albany St., Cambridge, Mass., is getting into production on the new Elliott Addresserette. Utilizing the familiar stencil address cards, which are



typed on an ordinary typewriter, the little machine is said to be eight times faster at addressing than hand and pen.

Edible Container

THE LABEL on the carton enclosing the new Fruitainer reads, "Eat the contents. Eat the jar!" Contents are orange honey jelly or citrus marmalade, packed by Continental Fruit Co., Merchandise Mart, Chicago; jar is the shell either of a candied orange or grape fruit.

Fire Warning

WHEN THE TEMPERATURE reaches 160 deg. F in a home or shop or boat equipped with the Life-Guard Two-Bomb Fire Warning, a fuse melts, shooting off a blank cartridge. A few seconds later another goes off to give a double warning to sound sleepers. General Fire Truck Corp., 2200 E. Jefferson Ave., Detroit, makes the compact device.

Bird Repeller

PERMANENTLY attached to ledges, architraves, and other places where birds are in the habit of roosting, the Bird-Repeller helps keep buildings clean and free from bird-made noise. Western Waterproofing Co., 529 Dixie Terminal Bldg., Cincinnati, installs the device which consists of long, narrow strips of aluminum with needle-pointed spines of stainless steel inserted at three different angles.

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DESIGNED TO RIDE lightly on the top, a sedan or coupe, the new 11-ft. Streamline Boat of Stowaway Boat Co., 38 31st St., Long Island City, N. Y., weighs only 85 lb., is equipped with an inboard "car top carriage," and may be pro-



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DEVELOPED by the Mercury Clutch Corp., 637 W. Third St., Massillon, O., a new 4-in. Mercury Clutch will handle loads up to 5 hp. Utilizing quicksilver to displace friction segments by centrifugal force, the device permits a driving motor to gain speed before gradually assuming the full load. Larger sizes are available on specification.

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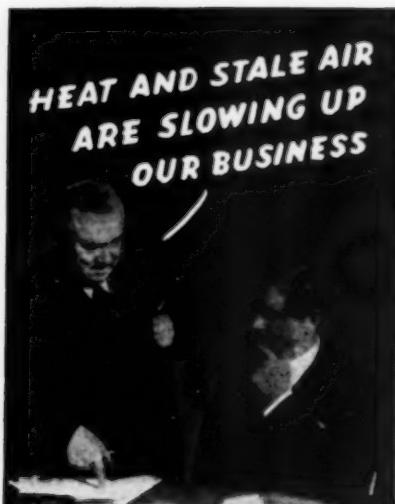
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New fabric that has fired women's imagination will make début without benefit of consumer advertising by du Pont. Retailers agree on uniform policies.

NEXT WEDNESDAY stores throughout America will offer for sale women's full-fashioned stockings made of bituminous coal, air, and water. Perhaps no product for common, day-to-day use has ever created such a furore of anticipation; none has ever had such an assured demand.

It was a little less than two years ago (*BW—Sep.'38, p5*) that gossips in the textile trades were saying that the wonder workers of E. I. du Pont de Nemours & Co. had in development a new fiber which promised eventually to displace many of the 50 million or more pounds of raw silk which Japan sends us every year. It was said to have the beauty of silk, far greater elasticity and strength. Tipsters knew the product only as "Fiber 66."

In the fall of 1938 (*BW—Oct. 29 '38, p18*), du Pont broke silence about its new product with the announcement that the company was about to spend \$7,000,000 on a plant at Seaford, Del., for the production of "an entirely new synthetic yarn that can be used in all textile fields—the first man-made textile fiber prepared wholly from raw materials from the mineral kingdom." It was made, said the company, from *nylon*—no trademark name but a generic term coined by du Pont for the synthetic linear superpolymers developed in its laboratories.

Thread, Film, Fishing Lines

At the time of that announcement, "Exton" bristles made from nylon were already being produced in quantity for Dr. West's toothbrushes (*BW—Jul. 30 '38, p19*). Development work was proceeding apace on sewing thread, tennis racket strings, fishing lines, transparent wrapping film, woven and knitted clothing, and a couple hundred other potential nylon applications. But these were only mildly interesting to the general public. What fired the imagination of women all over the country was the promise of nylon in "silk" stockings.

Du Pont has treated nylon somewhat as the radio manufacturers have television, using a sort of negative promotion. That policy was decided on—in the interest of the public and textile manufacturers—even before stories began to

appear in the papers that made it clear that one of the early hurdles to success would be the exaggerated expectation of consumers. For example, when girls at the du Pont World's Fair exhibit began wearing nylon hose, newspapers pointed on the story, and, to make it good, sometimes used words such as "run-proof." Consequently, much of the du Pont pub-

Caterpillar Dresses



NEWEST entry into the trademark dress fabric field is Caterpillar Tractor—thanks to Peoria's Bradley Polytechnic Institute. When the trademark prints were introduced last winter (*BW—Feb. 24 '39, p52*) the Institute's art department looked them over, couldn't see anything suitable for farm women. They promptly called on Caterpillar for tractor pictures, set their students to working up designs from them. A committee of Peoria dress goods buyers and art leaders judged the results, chose the design shown above. Peoria's largest department store, Block & Kuhl, featured all the final designs in its windows, forwarded 22 patterns to an interested dress goods manufacturer in New York.

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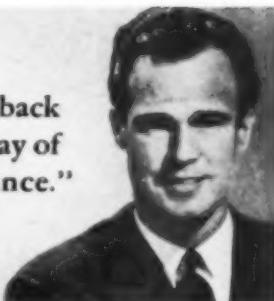
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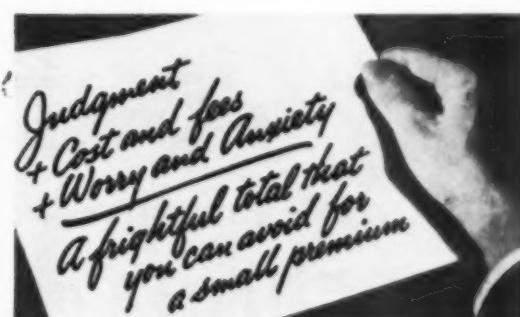
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"That's the idea back of the **NEW** way of buying insurance."



2. "Losing money hurts—no matter *how* you lose it," says the Hartford Insurance representative. "So the **NEW** way of buying insurance starts with an expert analysis of *all* risks to which you are exposed—covers you first against possible *large* losses—gives you adequate protection."



3. The **NEW** way of buying insurance protects you against serious losses like this—no matter how unlikely they may seem. A small premium may save you thousands of dollars in losses. Better look into this **NEW** way!

1. It makes little difference financially whether you hit a man with an automobile or a golf ball. The important question to ask yourself is: "If it did happen, *how much would I lose?*" No one can tell you, but your loss might be disastrously large in either case.

Hartford Accident and Indemnity Company Hartford Fire Insurance Company

HARTFORD, CONNECTICUT



To learn more about the **NEW** way of buying insurance, just call Western Union (in Canada, call Canadian National Telegraphs) and ask for the name of the Hartford representative nearest you. Or get in touch with your own insurance broker.



THE TWO HARTFORDS WRITE PRACTICALLY EVERY FORM OF INSURANCE EXCEPT LIFE



New modern plant and office building of Skillssaw, Inc., Chicago, where second addition was recently completed by Austin Company, Engineers and Builders. Modine Unit Heaters, thermostatically controlled, throughout.

PLANNED PRODUCTIVE HEATING WITH modine unit heaters

Unless your new factory, store, or office building is adequately heated, it is outmoded before you move in.

Planned productive heating with Modine Unit Heaters is modern... automatic... fast... economical! Uniformly effective, it insures continuous operation in the plant; lowers production costs as well as fuel and maintenance costs; improves employees' comfort, health and efficiency.

Why are Modines America's recognized standard? Because Modine pioneered the major unit heater develop-

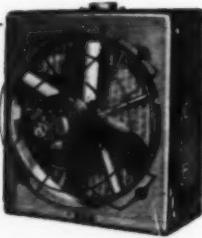
ments now in use. Because of such Modine advancements as the new Built-In Safety Fan Guard, new rust protection by Bonderizing, new Sound Silencing. Because Modine performance is proved by over a billion hours of satisfactory service. Before you build or modernize, write for literature or phone a Modine representative for figures.

 Your phone book lists Modine representative's name in "Where to Buy It" section under Heating Apparatus.

MODINE

The UNIT HEATER with
the Built-In Safety Fan Guard

MODINE MANUFACTURING COMPANY • 1740 RACINE STREET • RACINE, WISCONSIN



lity has been corrective—designed to disabuse women of any false notions of nylon's indestructibility.

Du Pont is doing no consumer advertising in connection with nylon's advent next week, and the 47 hosiery manufacturers who are the original licensees are doing practically none. Partly, this is because nylon has already promoted itself up to the hilt; of more importance is the fact that, for many months to come, demand will far exceed supply.

Small Initial Supply

Not more than 100,000 dozen pairs of nylon hose will be ready for retail sale next Wednesday. Last year, according to the National Association of Hosiery Manufacturers, the volume of full-fashioned silk stockings was over 43,000,000 dozen pairs. That translates into purchases of about 137,000 dozen pairs per weekday, so the number of nylons available May 15 will be less than one day's consumption of full-fashioned silk stockings.

Du Pont's Seaford plant has a capacity of about 4,000,000 lbs. a year. Unless there is a startling expansion of capacity, hosiery manufacturers can't see nylon as accounting for more than 5% of their sales in 1940, and 10% in 1941.

Another reason why hosiery manufacturers aren't going to advertise nylon extensively—aside from counter and window displays, and booklets for retailers to pass along to customers—is the probability that brand names won't mean anything in the first flurry of excitement. Women will be interested in the magic name "nylon," and not much else.

At the jump-off, nylon hose will be offered in three weights, ranging in sheerness from "medium" to "very." They will not be sold as "two thread" or "three thread," for as yet nylon yarn is being made only as a one-way twist single thread. Therefore, the hosiery will be described by the denier of the yarn.

Du Pont's Price Policy

Uniform prices seem likely to prevail, at least in the beginning. All manufacturers will quote the following net prices per dozen pairs: 45 gauge, \$8.25; 48 gauge, \$9.00; 51 gauge, \$9.75. These mid-prices will probably translate themselves into the following well-above-average silk prices for the retail trade: 45 gauge, \$1.15 per pair; 48 gauge, \$1.25 per pair; 51 gauge, \$1.35 per pair. Whether du Pont will in the future require hosiery mills to charge retailers a net minimum price has not been decided. The recent Supreme Court decision (*BW-May 30 '39, p17*), in which Ethyl Corp. was found to have violated the antitrust laws by requiring its licensees to charge their customers fixed minimum prices, is conceivably being studied by du Pont for application to the case of nylon.

Retailers in most big cities have gotten together and agreed on uniform merchandising and advertising policies for

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nylon. Six big Pittsburgh stores, for instance, have agreed to restrict the size of their announcement ads. Copy must not be larger than two columns by six inches, but the ads can run anytime from May 14 to May 22. Similarly, St. Louis retailers are limiting their announcement copy to 200 lines.

Will Durability Cut Sales?

While consumers are eagerly looking forward to nylon, the trade views its advent with mixed emotions. Because of its superior elasticity and tensile strength, it seems certain that nylon hose will wear longer than silk. Precisely how much longer is a moot question, and will probably remain so, no matter how much testing is done. But the question that some manufacturers keep coming back to is this—if nylon wears, say, 10% longer than silk, won't their sales be cut eventually by 10%?

On the other side of the ledger are at least equally important assets. One is the probability that nylon will prove, because of its strength and uniformity of quality, easier to work with and therefore less costly to fabricate. Perhaps most important will be the comparative price stability of raw nylon.

Few markets are more temperamental than the silk market. In January, 1939, raw silk was selling at \$1.36 a lb. A year later, it jumped to a ten-year high of \$4.35 a lb. as Japan's own mills took an increasing share of the crop away from the export market. And in the last three months the price has slumped 40%, leaving companies with heavy inventories holding the bag. Such fluctuations won't happen to a raw material compounded of coal, air, and water.

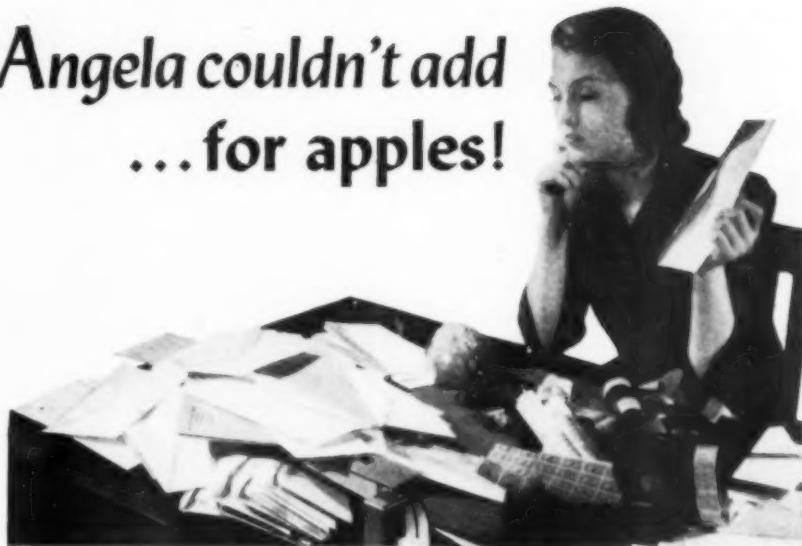
New Cooler for Farm

I.H.C. finds market for a refrigerator between household box and central cold storage.

SOFT SPOTS are hard to find in a business as toughly competitive as refrigeration. Five years ago International Harvester Co. discovered such a spot, promptly wedged into it a milk cooler which came halfway between the household refrigerator and the big-capacity cooler that a big dairy herd might require. Upshot was a substantial market for the new cooler on small and medium-sized dairy farms faced with the need for immediate chilling of milk to meet the stricter city sanitary standards. Also, the new product developed a substantial sales volume for such unbucolic purposes as cooling beer in taverns.

Early this year Harvester sidled into another vacuum in the refrigerator market, between the household box and the central cold-storage locker. It began selling equipment in January, but managed to keep its new products out of print

Angela couldn't add ...for apples!



POSTAGE AVAILABLE
is shown in this window.



POSTAGE USED appears
in this window.

ANGELA was an ornament to any office. She charmed the customers, gave the right answers over the phone, was the almost perfect secretary. But her postage account was mostly bad debts and deficits—and she bought stamps *by color!*... Angela couldn't be stopped by arithmetic. She sold the boss on a Postage Meter demonstration!

Now Angela doesn't add any more. The Postage Meter keeps track of postage on hand, postage used; and always has the right answer. The Meter can't run out of postage denominations. Angela gets out of sealing envelopes and sticking stamps. The Pitney-Bowes Postage Meter prints postage, postmark, advertising slogan and seals envelopes simultaneously; provides postage for parcels on gummed tape. The office uses less postage. The mail gets out earlier, and so does Angela. As nobody can take postage from a Postage Meter, there are no more stamp shortages. Metered Mail skips cancelling and postmarking in the postoffice, too, can get on its way faster.

Introduce you to Angela? Sorry... But we can introduce you to a Postage Meter. Big or little, there's a model for your business. And a call to our nearest office brings a demonstration in yours!

*Branches in principal cities. Consult your telephone directory
IN CANADA: The Canadian Postage Meters & Machines Co., Ltd.*

The Postage Meter Co.

1408 Pacific St., Stamford, Conn.

PITNEY-BOWES



Not how much, but how well

"Not how much, but how well" is the maxim under which this agency works. It means that we are concerned more with quality than quantity.

Such a policy will probably prevent us from ever becoming the largest agency.

But it will help us in trying to be the best.

**Newell-Emmett
COMPANY**
Advertising Counsel
40 EAST 34th ST., NEW YORK



International Harvester is in the refrigerating business again, marketing walk-in coolers like this, for installation on small farms and in butcher shops and restaurants.

and out of other refrigeration makers' worries until last week.

Oak outside and fir inside, the new boxes come big enough for use on a farm or in a moderate-sized butcher shop or restaurant. They are made in knocked-down three-foot and four-foot sections, which any farmer who is handy with tools can set up if he gets a little help from his oldest boy. They are for use inside a building, or out of doors under a roof. They operate on gasoline or electrical power, range in capacity from 110 cu.ft. to 572 cu.ft., in price from about \$600 to \$1,000, f.o.b. Chicago. Available for an extra \$140 is a 12-cu.ft. quick freezing compartment large enough to store 600 lbs. of meat or 300 lbs. of vegetables at temperatures between 10 deg. and zero, Fahrenheit.

The new walk-in coolers are being sold to farmers for handling milk; the refrigeration unit can be hooked to an aerator for original quick cooling. They also have an appeal to farmers for quick-freezing home-killed meat and other home-grown produce for family use, thus saving trips to town that are necessary when a central cold-storage locker is used. The coolers are likewise being sold for assorted commercial uses. Regular International Harvester dealers are handling the line, and maintain parts stocks, which is an important service advantage.

Electrified Farms Multiply

International Harvester engineers have been redesigning for electric motors a lot of the company's farm machines which formerly were operated either by hand or with gasoline motor. The new cooler line is an outgrowth of this increased attention to electrical farm equipment. Immediate reason behind the emphasis on electrical items: At the end of 1935 some 800,000 farms, or 11% of all farms in the U. S., were receiving central station power service; today there are more than 1,800,000 such electrified farms, or 27%.

Case
#419

Steel Mill cuts
dermatitis losses 62%.

A big steel mill employing 13,000 adopted Formula SBS-II for sale, rapid cleansing of mill employee's skin. After 2 years the Safety Director reports that Formula SBS-II, due to its high bacteria removal power, has been responsible for a 62% reduction in losses formerly caused by dermatitis.

Formula SBS-II will give comparable results in your plant, at a cost of under 1¢ a week per worker. Write today for a generous FREE TRIAL SUPPLY to Sugar Beet Products Company, 300 Waller St., Saginaw, Michigan. THE WASHWORD OF INDUSTRY

Battle over Vitamins

Drug industry serves notice it will fight food trade for exclusive right to sell concentrates.

THE PHARMACEUTICAL INDUSTRY, meeting in the 29th annual convention of the American Drug Manufacturers Association in White Sulphur Springs, W. Va., this week, served a sharp warning that it will battle the food industry for the exclusive right to distribute vitamin and mineral concentrates.

The association counts among its members the nation's leading pharmaceutical houses engaged in the manufacture of such products, including Parke, Davis & Co. of Detroit, Abbott Laboratories of North Chicago, the Upjohn Co. of Kalamazoo, Mich., E. R. Squibb & Sons of New York, and others.

Convention speakers noted two recent events that disturbed them. First was the decision of the Marion County (Ind.) Superior Court that vitamins are food and not drugs within the meaning of the Indiana pharmacy act. The State Board of Pharmacy, therefore, according to the court, had no right to prevent the Kroger Grocery & Baking Co. from selling vitamins in its chain store outlets. The board has appealed to the state supreme court. Second was the recent tentative labeling ruling by the Food and Drug Administration, which classified concentrates as foods.

The FDA has since recalled the regulations and cancelled the scheduled hearing thereon as a result of the pending transfer of the agency from the Agriculture Department to the Federal Security Agency.

Warn of Recourse to Courts

A.D.M.A. speakers openly indicate that all efforts to classify these products as foods would land in the courts. Leo D. Harrup, general counsel of both A.D.M.A. and the Upjohn Co., told the convention: "Congress has defined the terms 'food' and 'drug' in the law; the Food and Drug Administration should not try and lawfully cannot extend or change these definitions."

A.D.M.A.'s president, S. DeWitt Clough, who heads Abbott Laboratories, pointed out that there still is a question as to how the courts will interpret "certain proposed regulations" under the new Food, Drug, and Cosmetic Act. He continued:

"I refer particularly to any regulation which might place high-vitamin concentrate capsules, minerals, anti-anemic, and even diabetic medicaments in the category of foods, to be sold in every grocery store. Such a policy would not be in the public interest, according to the opinion of medical experts who have followed the rapid progress of vitamin and nutritional therapy."



How you can use the Most Inspiring Story of Industry Ever Told

Write today for complete information about this important project. We'll be glad to send you, promptly, without cost or obligation, a copy of "The Story of What Industry Can Do For America."

Every man interested in the future of American industry will be able to make effective use of the August FACTORY, "What Industry Can Do For America."

Presenting *for the first time under one cover* the complete story of American free enterprise, it will help the men in industry's supervisory staffs answer the many questions workers and other members of the community raise — will, by its simple forceful technique, inspire them to champion the fundamentals of free enterprise among those with whom they have daily contact.

Hundreds of executives, in their enthusiastic letters of commendation, have told us how they expect to use August FACTORY in their plants and their communities . . . have already placed orders for extra copies.

Others have recognized the exceptional advertising opportunities this issue creates for every manufacturer who sells to industry.

We believe you too will want to use extra copies of August FACTORY for all the important individuals on your company's supervisory staff, as well as explore the advertising opportunities available to your company.

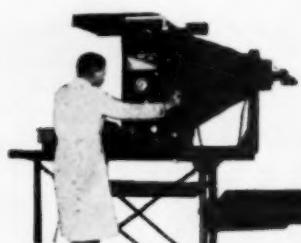
MCGRAW-HILL PUBLISHING COMPANY, Inc.

330 WEST 42nd STREET, NEW YORK, N.Y.

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SOLVE COPYING PROBLEMS
WITH PHOTOGRAPHY
EASILY! ECONOMICALLY!

COPY ALL TYPES OF OFFICE RECORDS with *Rectigraph*
SPEEDILY, ACCURATELY, LEGIBLY Actual, Enlarged or Reduced Size

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THE HALOID COMPANY

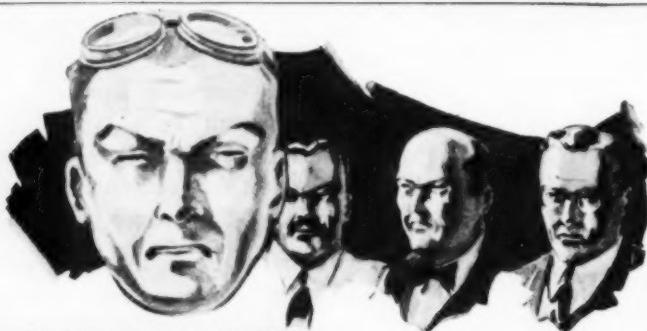
Main Offices and Factories at Rochester, New York

Rochester
Chicago
Detroit
Los Angeles

Toronto
608 So. Dufferin St.
1440 Lakeside Blvd.
744 Lakeside Blvd.

Canadian Distributor
Rectigraph Co. of Canada, Ltd., Toronto
Texas and Oklahoma Distributor
HALLCO, 1919 N. Paul St., Dallas, Texas

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Philadelphia
San Francisco
Washington
330 W. 45th St.
1015 Chestnut St.
222 Kearny St.
15th & K St., N.W.



HEADACHES...

Start with the man in the production line. A headache slows him down and it becomes the foreman's headache. The foreman's headache becomes the production manager's headache because he's late in getting the work out . . . the sales department gets the headache next when the order is cancelled

. . . and so on right down the line all the way to the actual owners of the business.

Improperly designed safety goggles cause eye pull, the source of many an industrial headache. Protect your plant against these headache losses by insisting on WILLSON Industrial Goggles. Their flat, Super-Tough lenses are uniformly toughened for protection . . . accurately ground for undistorted vision.

WILLSON Safety Service can be applied to your plant — without charge or obligation. Write for complete information.



Style CC402 is one of more than 300 different types of Willson Goggles designed for every conceivable industrial use and condition.
GOOGLES • RESPIRATORS • HELMETS • GAS MASKS

WILLSON
DOUBLE
PRODUCTS INCORPORATED
READING, PA. U.S.A.

FTC Widens Sphere

Assumes jurisdiction over misleading labeling, without any protest from Food and Drug.

WASHINGTON (Business Week Bureau)—Without protest from the Food and Drug Administration, the Federal Trade Commission has laid claim to dual jurisdiction over labeling of foods, drugs, and cosmetics. Passage of the Wheeler-Lea amendments to the Federal Trade Commission Act and the new Food, Drug and Cosmetic Act at the same session of Congress in 1938 gave rise to the general belief that spheres of influence had been divided—Federal Trade with exclusive jurisdiction over advertising, and Food and Drug with sole jurisdiction over labels and labeling. In fact, the Wheeler-Lea amendments specifically define "false advertising" of foods, drugs, and cosmetics as excluding labeling.

Interpreting a Definition

The commission's theory, however, is that Federal Trade still has jurisdiction when false or misleading labeling provides an unfair method of competition in interstate commerce. In short, Federal Trade views the exclusion of labeling from the definition of "false advertising" as applying only to its jurisdiction over foods, drugs, and cosmetics under the provisions of the Wheeler-Lea amendment, but does not regard it as limiting its jurisdiction over these three fields under its old stand-by, Section 5 of the original Federal Trade Act. The catch here is that Section 5 requires a showing that the alleged practice injures competition and thus Federal Trade will have to show injury to competitors to support misleading labeling orders.

Far from being jealous, W. G. Campbell, chief of the Food and Drug Administration, welcomes Federal Trade action in the interest of the consumer wherever possible with a "more the merrier" attitude. The whole question of dual jurisdiction has come to the front in Federal Trade's case against Fresh Grown Preserve Corp., of New York. Some time ago, with the help of the industry, the commission promulgated a set of trade practice rules for preserves. Key rule is one setting up a minimum formula for the ratio between fruit and sugar in pure preserves.

Trade Group Cooperates

The nature of the product makes it one easily susceptible to sophistication, because the fruit content can be cut way down and the consumer still can't tell the difference when buying. Food and Drug tried to clean up the industry, but absence of official standards led to several adverse court decisions. Competitive conditions became so bad that the National Preservers Association urged ac-

tion and even testified for Federal Trade in the current case, on which hearings have been concluded.

Respondent raised the question of Federal Trade's jurisdiction over labeling as a defense, and the commission's lawyer prepared a brief setting out Federal Trade's contention. The betting is that the commission will find the respondent in violation of the standard that had been set up in the trade practice rules—thus inviting a court test on the issue of dual jurisdiction.

In Individual Packages

LAST JULY General Foods Corp. began grocery store test sales of its dry cereals (Grape-Nuts, Grape-Nut Flakes, Post Toasties, Huskies, and Post's 40 Per Cent Bran Flakes) in the individual packages which formerly had been sold only to restaurant and other eating places. Sales went well and distribution has now spread to all U.S. metropolitan areas.

The small packages are sold only in combination sets of ten—two packs of each brand. The whole works is labeled "Post Tens" and retails for around 25¢. This compares to the 15¢ retail price on a regular box of Grape-Nuts; 10–12¢ on Post Toasties. Appeal is on a basis of freshness and convenience, not economy.

Mail Co-op Cites Gains

INDICATION OF THE SLOW but steady growth of the U.S. cooperative movement is the 1939 report of Cooperative Distributors, Inc., of New York City, which claims to have been, until recently, the only mail-order cooperative. The report shows: Total sales of \$96,811—a gain of \$3,051 over '38; a membership of 3,700, including 250 cooperative stores; a net profit of 0.7% (compared to the 5.5% average net profit of the four leading mail order companies).

Cooperative Distributors' sales don't measure up to the \$1,000,000 mark, passed by Eastern Cooperative Wholesale last year (*BW—Feb 10 '40, p 39*), or the \$4,000,000 worth of business done by the Consumers' Cooperative Association of Kansas City, Mo., but they still show a healthy record for a concern dealing almost entirely with individual consumers. Cooperative Distributors gets out an annual catalogue—listing some 300 items, including drugs and cosmetics, men's and women's clothes, linens, and office supplies—and a bi-monthly publication, *Consumer Defender*.

Musical Discord

NO END IS IN SIGHT to the fight over new contracts between broadcasters and the American Society of Composers, Authors & Publishers (*BW—Mar 9 '40, p 30*). A.S.C.A.P., which controls 90% of the music now played on the air, is asking higher royalties from the networks,



No. 15 of a series

does the quality of
YOUR LETTERHEAD
express the integrity of
YOUR BUSINESS?

One of the most respected trademarks in America is the red cross of Johnson & Johnson, the world's largest manufacturers of surgical dressings. And back of that trademark stands a reputation for soundly scientific laboratory research, for strict business integrity.

You get the picture of the Johnson & Johnson business from their letterhead. The design they have chosen is simple, clean-cut, dignified. The paper...is Strathmore.

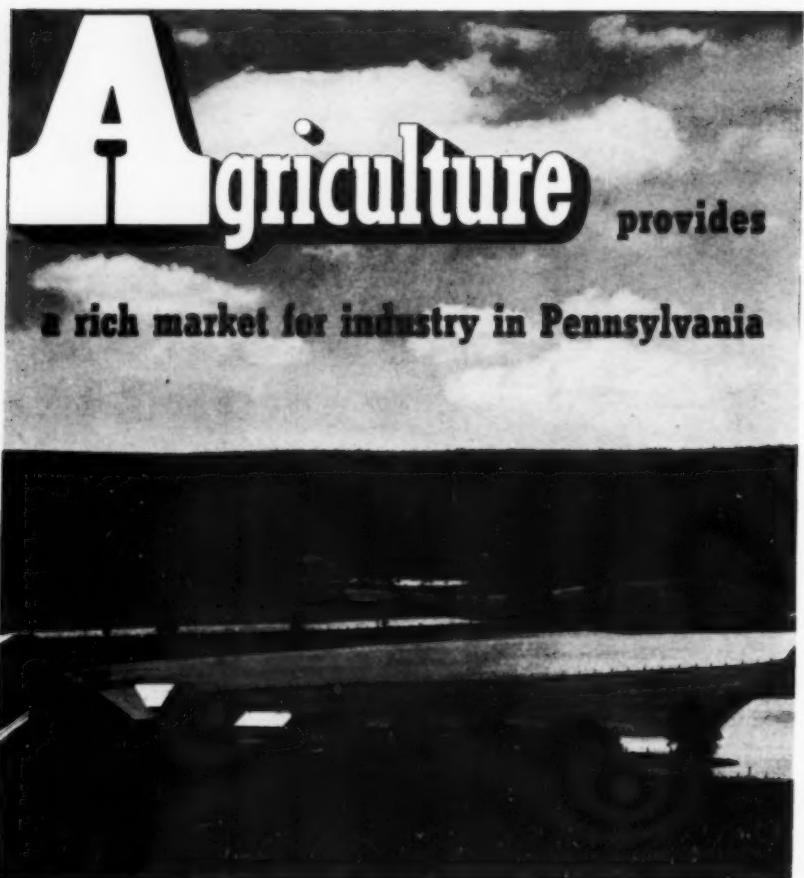
Your letterhead, too, conveys the integrity and the personality of your business to your correspondents.

When you write a letter on STRATHMORE BOND, or STRATHMORE WRITING, it costs less than 1% more than the same letter written on the cheapest paper you might buy. And on STRATHMORE PARCHMENT, or STRATHMORE SCRIPT, as fine papers as can be made, a letter costs only 2.9% more. Such plus value, for so little cost difference, is sound business economy.

* * *

THE STRATHMORE BUSINESS PERSONALITY CHECK LIST shows all the ways in which a business is seen and judged by its public, gives all the *appearance factors* important to your business. Write on your business letterhead for this check list. Dept. B. W. 4. STRATHMORE PAPER COMPANY, WEST SPRINGFIELD, MASS.

STRATHMORE **MAKERS
OF FINE
PAPERS**



A STRONG FARMING industry adds to the strength, stability, profit possibilities of every business in the state. Pennsylvania spells industry to nearly everyone . . . but few realize how great she is agriculturally.



PENNSYLVANIA IS FIRST in cigar leaf tobacco production . . . second in buckwheat . . . third in clover and timothy hay . . . fourth in sweet cherries . . . fifth in commercial apples, peaches, grapes . . . sixth in potatoes . . . seventh in pears.



PENNSYLVANIA IS THIRD in cash income from dairying . . . tenth in cash income from livestock and livestock products . . . first in cash income from farm sales of eggs. This purchasing power means a rich market for industry.

There is plenty of room and plenty of opportunity for new industries in Pennsylvania. Here are concentrated nearly all the raw materials needed for industry. Here is the heart of the world's richest market. Here, too, is a state government cooperating with business, sensibly fostering its growth. Get the facts about what is going on in Pennsylvania. Write today for your copy of "Pennsylvania—Its Many Industrial Advantages."

Pennsylvania

where your business can expand



ARTHUR H. JAMES, Governor

RICHARD P. BROWN, Secretary of Commerce

smaller royalties in some cases from individual stations. The total sought is much higher than the present take. The claim say the industry won't be split, and show no signs of accepting A.S.C.A.P. terms. A.S.C.A.P. says its plan is meeting "almost universal approval," although contracts won't actually be mailed until next week or later.

Meanwhile, Broadcast Music, Inc., the outfit with which broadcasters are attempting to build their own reservoir of music, has bought performing rights to the catalog of M. M. Cole Music Publishing Co., of Chicago. Cole catalog is best known for its hillbilly and cowboy tunes, of the type popular with rural stations. That fact is being played as proof that Broadcast Music is working for the good of all stations, not just the networks.

June 18-P.M.

BIRTHDAY OF P.M., New York's much publicized 5¢ daily which will carry no advertising (BW—Mar 23 '40, p. 38), has been shoved back two weeks to June 18. Editorial staff is now virtually complete and is practicing by getting out a 32-page dummy every day. Production of the paper will be split up. Main editorial offices will be in Brooklyn, in the Munye printing plant, where the paper's composition will be done. Presswork will be done on the presses of the Brooklyn Eagle. A secondary office will be established in midtown Manhattan.

P.S.

RAYMOND H. FOGLER, whose withdrawal from the presidency of Montgomery Ward caused Ward stockholders to ask questions at the annual meeting about the epidemic of executive departures (BW—May 4 '40, p. 36), became president of the W.T. Grant chain last week. Fogler was with the Grant Co. before, from 1919 to 1932, before going to Ward. Commander E. F. McDonald, president of Zenith Radio, told wholesale distributors in Chicago last week that no progress has been made in solving television's economic hurdles. He says television will be a great industry only when means are found for financing adequate programs. McDonald also spiked recurrent rumors that Zenith plans to market refrigerators, washing machines, or other products not allied with radio . . . American Association of Advertising Agencies holds its 23rd annual meeting May 16 and 17 at New York's Waldorf-Astoria. Highlight will be a "town hall meeting" to discuss "To What Extent Should Advertising Be Controlled and By Whom?" Donald Montgomery, consumers' counsel of the A.A.A., and Colston E. Warne, president of Consumers' Union, will represent the "critics." Stanley High, editor and author, and Fulton Oursler, editor of Liberty, will represent the "defenders."



MONEY AND THE MARKETS

FINANCE · SECURITIES · COMMODITIES

U.S. Bonds Worry the Banks Again

Institutions may have to reduce long-term holdings (which won't be so attractive in a marked industrial upturn) but are reluctant to take bull by horns.

SOME TIME before war broke out in Europe last year banks were seriously worried about the outlook for the bond market (*BW—Aug 5 '39, p. 20*). When war actually came there was an avalanche of selling, notably in government bonds.

At the outset it had been feared that war would overturn the six-year-old bull market in high grade bonds—that investors would turn from fixed-income securities to common stocks and commodities. As it worked out, the speculation was short lived. Thereafter bond prices began a consistent rise which, early in April, had carried the U.S. Treasury list back almost to the record high. Meanwhile, the banks, for want of any place else to put their accumulating idle money, again set about buying government bonds.

From the 101 cities in which Federal Reserve member banks report each week come statistics which tell the story. These banks owned \$10,807,000,000 of United States government bonds and bonds guaranteed by the government just before the war started. By the middle of December, they had bought back all the bonds sold during the first days of the war and had added enough more to bring total holdings to \$11,276,000,000. And at the first of May the total had risen another hundred million dollars.

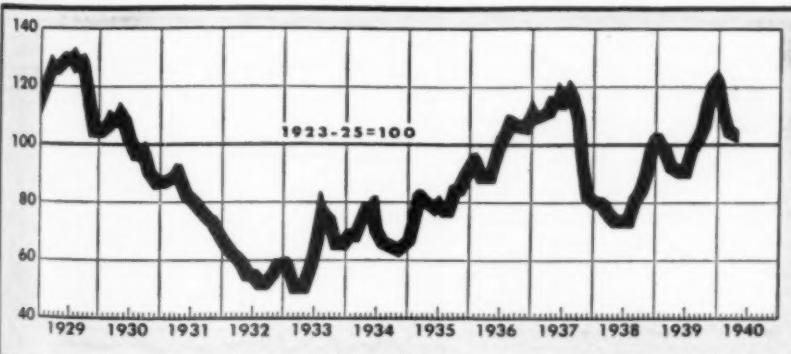
Boiling down this chronology, the banks of the country now own more of the government's debt than ever before in history. They bought these bonds in the full knowledge that each passing day rendered more remote the possibility of peace. And now many of the economic pundits are saying that the day is at hand when interest rates must rise from the artificially low levels of recent years (which is just another way of saying that bond prices must decline).

Loans May Compete for Funds

Nobody pretends to know just when such a rise in interest rates should begin. Perhaps there will be a sufficient industrial upturn over the remainder of this year to bring about an important demand for bank loans. Once banks have succeeded in putting to work a fair slice of their now idle money, it is probable that they will begin to ask somewhat higher interest. At that point government bonds, at present low yields, will cease to be very attractive.

The tendency, naturally enough, is to try to anticipate such developments. Banks don't like to invest in bonds which mature eight or ten or twelve years in the future. Such bonds aren't sufficiently liquid for prime bank investments, and

Monthly Index Slightly Lower in April



BUSINESS WEEK's Monthly Index of Business Activity fell to 104.9 in April from 106.8 in March. This represents a 1.6% drop from the 1939

high of 125.5 last December. April probably marks the low point of the recession—for the first week in May the Index rose to 106.3.

WORK

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TAILORS FOR GENTLEMEN

Atlas Corporation

Dividend on Common Stock

NOTICE IS HEREBY GIVEN that a dividend of 25¢ per share has been declared on the Common Stock of Atlas Corporation payable June 5, 1940, to holders of such stock of record at the close of business May 20, 1940.

Dividend No. 15 on 6% Preferred Stock

NOTICE IS HEREBY GIVEN that a dividend of 75¢ per share for the quarter ending May 31, 1940, has been declared on the 6% Preferred Stock of Atlas Corporation, payable June 1, 1940, to holders of such stock of record at the close of business May 20, 1940.

WALTER A. PETERSON, TREASURER
May 2, 1940.



NEW! DOENUT WHEELS WITH OUTSIDE VALVE

They're new, different and better—Doenut Wheels in 3 sizes with outside valve. No matter how carelessly tire is allowed to run under-inflated, valve cannot be cut or damaged by "creeping". It is completely outside the rim, yet free from rubbing or scraping damage. Punctures repaired without removing tire from rim. Available in three sizes—10" x 2.75"; 12" x 3.30"; 16" x 4.40". Doenut Wheels pay for themselves many times over in reduction of effort, preservation of concrete and hard wood floors. This is another development by our same Musselman who invented the airwheel for airplanes. Write for literature and details today.

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even more important, their prices can swing fairly widely with attendant possibilities of loss (a Treasury note which the government is going to take up in 15 or 18 months is anchored pretty closely to the redemption price of 100 cents on the dollar, but a government bond due in 15 years and paying 2½% interest sells at 108 and could decline quite sharply).

Col. Leonard P. Ayres, of the Cleveland Trust Co., recommended a while back that this is the time for banks to lighten their long-term government holdings. Others have given advice of more or less similar nature, and the situation is of a sort to create widespread concern.

If banks sell long-term bonds (on which they make a much higher return

than on short-term issues) they see no immediate channel in which to put to work the money thus realized. It's true that commercial, industrial, and agricultural loans of the member banks in big cities have risen nearly half a billion dollars in the last eight months. However, most of that rise was in the early months of the war and there has been no impor-

Business Upturn Rules Market News

BRITAIN'S POUND cracked to a new low in the "free" market this week as the Chamberlain government faced an indignant Parliament (it was \$3.33½ while Morrison and Lloyd George upbraided the ministry on Wednesday). All Europe's bourses quaked as new tension gripped the Mediterranean states and the Low Countries. Amid such events it is small marvel that U. S. markets hesitated to celebrate a rather decided turn for the better in home business.

In this week's 4-point jump in steel operations, the markets had the most favorable development since the turn of the year. People had been hesitant to believe that the previous week's moderate rise in the rate of ingot output (*BW—May 3, '40, p13*) meant the turning point in business. But they were much more readily convinced that this week's sharp advance confirmed the turn.

The optimistic view is supported, too, by a further rise in scrap steel prices. This quotation usually indicates what the steel makers think of their prospects, and the *Iron Age* average of steel scrap prices has gone up now for four successive weeks. This composite, which fell from a

war-boom high of \$22.50 a ton early in October to \$16.04 a month ago, had recovered to \$16.75 by midweek.

A change in the business trend, if indeed it is now taking place, will be of utmost importance to stock prices. It would take some of the emphasis off the war news. But, more important, it would permit stock traders more intelligently to appraise stocks in the light of corporations' earnings.

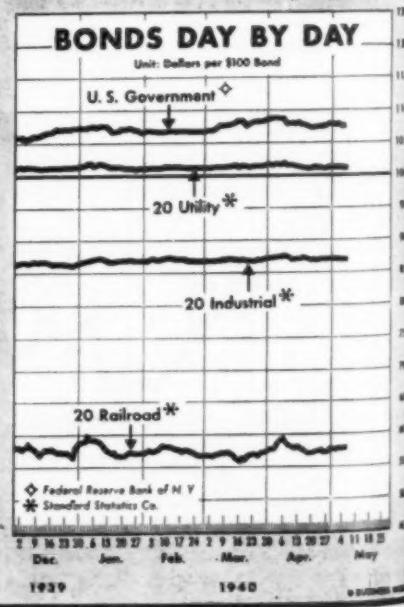
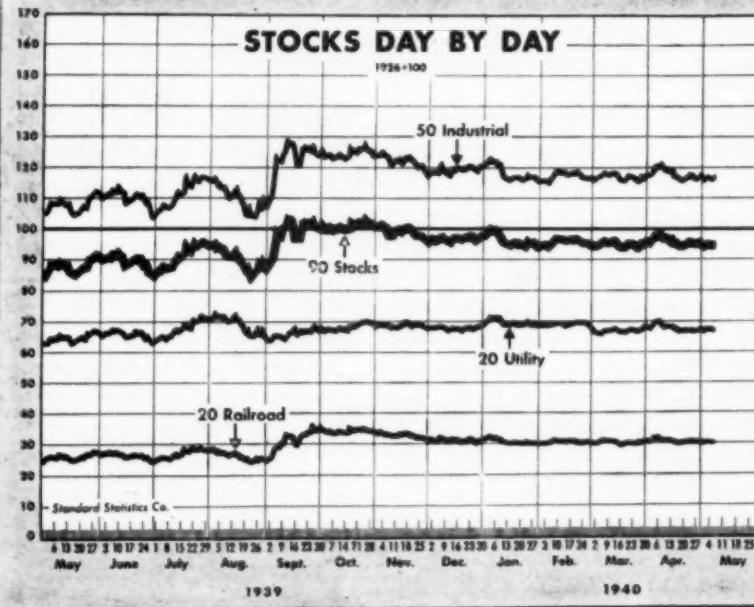
Earnings and the Stock Trader

Last November and December it was obvious that most companies were going to turn in extraordinarily good fourth-quarter earnings. Stock traders, however, stood aside on the assumption that there would be a slump in 1940 which would rob 1939 earnings of significance.

True to their expectations, business did turn down and quite rapidly in the early months of this year. Yet activity was sufficiently high to bring first quarter earnings very largely in excess of the similar three months in 1939. These first quarter earnings have been ignored (1) because they were off pretty substantially from the final quarter of 1939, (2) because comparison with the initial quarter of 1939

is with a period of disappointing business, (3) because the stock market is at best dubious about war-time profits. It's easy to think of reasons for not wanting to buy stocks when the business trend is down even though earnings and dividends are satisfactory. However, all those reasons tend to vanish into thin air when business turns up. It all comes down to the philosophy that the time to buy is when things are going up, not when they are going down even though they may look pretty cheap.

In the light of these facts, investment policy needs some pretty careful rechecking at the present time. Soundness of the present upswing in the basic steel industry must be decided. Effects of the war—if it is now likely to spread—must be put in perspective as to its effects on stock values. Influences of the Presidential campaign (the depressing effect usually is overestimated) must be weighed. Commodity markets must be watched as a sensitive indicator of business activity. Commodities, incidentally, pretty generally have slipped in price after the upturn which reached its peak a fortnight back.



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D. S. GARDNER INC.

tant increase lately. Moreover, total loans to business, at \$4,409,000,000, don't cut much of a figure when placed beside government bond holdings of \$11,387,000,000 in the same banks.

Sometimes the big city banks take the bull by the horns in cases like this. (The New York banks did in 1936—six months before most bankers saw fit to sell bonds—but that time the New Yorkers were faced with a pinch in reserve requirements which materialized early in 1937.) Currently there is no indication the New Yorkers are anxious to act.

New York's weekly reporting member banks at the end of May held more government bonds than ever before. Their holdings of long-term issues had risen about \$25,000,000 from the level of early March to a total of \$2,499,000,000; holdings of Treasury notes were up \$200,000,000 to \$917,000,000; virtually no change was recorded in the portfolio of 90-day Treasury bills.

Member banks outside New York, if anything, are moving first. They have reduced their government bond holdings by \$168,000,000 in two months. However, the decline in long-term issues was only \$33,000,000, so it hardly appears that the worry so far has been so much one of maturity as of yield.

Publishers Recapitalize

MOVING TO MEET objections of preferred stockholders to an earlier plan, Curtis Publishing Co. advanced a new proposal for revamping its capitalization at the end of last week. Preferred holders get debentures, new preferred with a 8% fixed and \$1 contingent dividend, and common stock. The new preferred shares will have a share-for-share vote with the common, and the senior stockholders will wind up with about 51% of the voting power.

The common stock issue will be practically doubled if all of the preferred holders avail themselves of the exchange. Common stockholders reap benefits nonetheless. A 8% dividend preferred is replaced with 3% debentures and a \$4 preferred issue, with the result that charges ahead of the common come down from \$5,056,940 to \$3,336,406 annually. Moreover, accumulated dividends of more than \$19 a share on the present preferred would be eliminated.

TNEC Hearings Adjourned

WHEN THE Temporary National Economic Committee decided this week to hold no more public hearings until after the election, it meant that the Investment Bankers Association will have to wait for a hearing on their proposals for changes in the securities acts of 1933 and 1934. However, this postponement made little difference to the I.B.A. because it was presenting its case to a Senate banking and currency subcommittee this week.

Also held over is the much-talked-of

A Wise Precaution

FREQUENTLY a business concern depends for its success upon the knowledge and skill of some key executive. The death of such a man would be a serious loss to the concern.

Until he could be replaced there might be a shrinkage in results and profits.

By insuring such an executive with the firm as beneficiary, funds are assured to meet the situation if death occurs. Premiums are paid from the common treasury.

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Home Office, NEWARK, N. J.



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Both the desk height and 4-drawer filing cabinets are available in the new "Streamline" suite.



"Streamline" flat top typist's desk may be fitted with typewriter pedestal at the right or left.

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Careyclad wears 100% longer than ordinary roof coatings because it is made under an exclusive Carey formula, combining the finest "High-Melting" asphalts with specific "Anti-Aging" chemical compounds. Specially graded asbestos fibers from our own mines give additional strength.

Careyclad Coating is not subject to hair-cracking, alligatoring, pinhole formation, slipping or sliding. Will not ball or roll up under brush. Highly resistant to the disintegrating action of the ultra-violet rays of the sun. Gives you both longer protection and greater economy.

Careyclad is highly satisfactory for many different types of roofs, including metal. Write Dept. 29 for details.



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More Tons of Ice
now made Daily
in New York area
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What better evidence could you want that the ice industry is going places! Seven thousand 300-pound blocks a day is a lot of ice! But four recently built plants, each with up-to-the-minute Frick refrigerating and ice-making equipment, are producing it with ease. One plant harvests 37 blocks at one lift.

Refrigerating systems have been improved as much in recent years as automobiles! Is your business getting the benefit of these better methods of cooling? Let the nearest Frick Branch or Distributor assist you in making the savings now possible (up to 34 per cent!) over former methods. Write Frick Co., Waynesboro, Pa.

Ice-making Equipment

reply of the life insurance companies to the testimony placed before TNEC on their business. To life insurance, the delay is no particular disappointment. They've tried for months to decide what should be done and they've come increasingly to doubt that there is any necessity to contradict the evidence at hearings. Meanwhile, they have made a serious effort to carry their story direct to the public.

COMMODITIES

Trouble for Cotton

Export outlook for 1940-41 is anything but good, despite showing made in 1939-40 season.

THE 1940 CROP is little more than out of the ground, but talk of cotton exports is already a lively topic wherever cotton is king—and wherever the fiber is of economic or political importance as well. The trouble is that, even though the season ending July 31, next, will stack up pretty well on exports, the 1940-41 outlook is anything but promising.

The 1939-40 season will realize expectations of 6,000,000 bales of American cotton sold abroad. Movement of this amount was greatly facilitated by the export subsidy during the important months of the selling season—September through November. It was bolstered by the barter deal with England. It derived impetus from the fact that the United States had sold the world only 3,326,800 bales in the 1938-39 season, the least in about 60 years.

The fact is that foreign consumers were understocked on American cotton as the 1939-40 crop year got under way. England in particular was caught short and John Bull bought heavily in spite of a shipping situation which has caused the rationing of bottoms for transportation of cotton already contracted for.

Customers' Ranks Thinned

As the new marketing season draws closer, the prospect for exports becomes an increasingly vital cause for concern. Germany, even though not an important customer, is shut off. Japan is limiting use of cotton by civilians to save all-important foreign exchange. China's purchases are necessarily reduced. And both England and France will be miserly with supplies as a war measure.

It's a good year when domestic mills consume more than 7,000,000 bales, even though they will come mighty close to the all-time record in the current season. The peak was about 7,950,000 bales in the 1936-37 period. The importance of the export market at once becomes apparent when it is realized that the country now is geared to production of about 12,000,000 bales a year (and could raise a great deal more).

BUSINESS ABROAD

FOREIGN TRADE · INTERNATIONAL AFFAIRS · FOREIGN INDUSTRY

Mexico Holds Aces in Oil Dispute

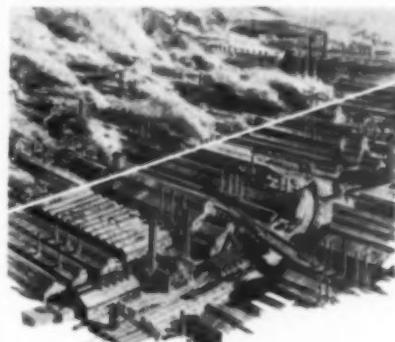
Cardenas knows U. S. can't get tough for fear of alienating other "good neighbors," and Sinclair deal has split affected interests. Silver, however, may be a club.

MEXICO'S REJECTION of the Hull proposal to arbitrate the seizure of American oil properties was draped in the nice-Nellie words of polite diplomacy but the inference was as plain as a thumb to a nose. Gen. Eduardo Hay, Mexican Minister of Foreign Relations, held to the contention that the two-year old controversy was a domestic matter and in effect invited U. S. Secretary of State Cordell Hull to stay in his own back yard. The "private and direct" settlement with Sinclair's Consolidated Oil Corp., was cited to prove that no outside umpire is needed.

Mexico knows that all Latin America is watching. Should the U. S. get rough, it could broadcast that it was being bullied, thus upsetting Mr. Roosevelt's cherished "good neighbor" drive. Mr. Hull made his arbitration suggestion in face of a practical certainty that it would be refused. Did he map his next move? Consider:

A proposal by Senator Townsend (Republican, Delaware) to end U. S. government buying of foreign silver has been smouldering in a Congressional pigeon hole. It looks straight down the barrel at Mexico. During 1939, the U. S. paid

TAKE THE DUST OUT OF INDUSTRY



- Four classifications cover the entire range of dust collection and gas cleaning: 1. Collecting waste material from waste gas—fly ash. 2. Collecting waste material from valuable gas—blast furnace gas. 3. Collecting valuable material from waste gas—smelter fume. 4. Collecting valuable material from valuable gas—manufactured gas.

- The Cottrell Process of Electrical Precipitation is the only method that is applicable to all four classifications with equal success and efficiency in each.

Where the exceptionally high efficiency of Cottrells is not required, low cost dust recovery is obtained with Multicline mechanical collectors. Multiclines are the original small tube collectors with exclusive features developed theoretically and by international experience.

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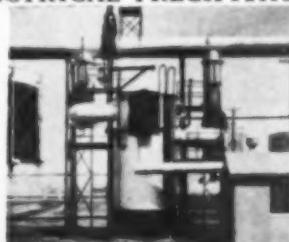
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COTTRELLS IN THE CHEMICAL INDUSTRY

Cottrells collect process powders that are too fine for other types of equipment. Phosphoric acid, zinc oxide and carbon black are examples.



Republic Aviation Corp., Farmingdale, N. Y., doubled production to build fifteen 400 m.p.h. pursuit planes for the Swedish Air Force. When the planes were completed,

they began piling up at the field (above), because of lack of cargo space for shipment to Sweden. Desperate, Republic set up a circus tent to house the crated planes (below).



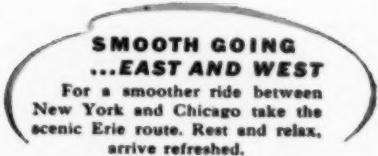


Introducing THE ORIGINAL HIGHBALL

● In the railroading days of Casey Jones, semaphore and disc signals hadn't been invented. With ropes and pulleys they used to raise a ball high on a pole to indicate a clear track. From that came the word "highball"—meaning full speed ahead.

And today, guided by modern signal systems, Erie freights highball between New York and Chicago on the fastest of freight schedules.

Erie service is streamlined to save you money. Speed is the watchword. On-time delivery is the goal. Call the Erie agent and see for yourself.



\$82,000,000 for Mexican silver which was 45% of all foreign purchases. To choke down on this would be a serious blow to Mexico since oil and silver are important sources of foreign exchange.

On Tuesday (four days after publication of the Mexican rejection of arbitration) the Townsend proposal was called onto the floor of the Senate for debate. President Roosevelt could have stopped it, but didn't. He can also block the measure in the House if he chooses. President Cardenas is watching the outcome with interest.

Mexico's Ready Retorts

There are some neat thrusts in the Mexican arbitration note. It admits Mexico hasn't been paying interest on foreign or railroad debts but such "suspension doesn't constitute an exceptional case in the world." Moreover, U. S. restrictions on petroleum imports reduces Mexico's ability to pay. While protesting its love of arbitration, Mexico points out that the Chamizal arbitration award has been held up by the American government since 1911. This decision gave to Mexico land which a shift in the Rio Grande had made a part of El Paso, Tex.

Timing of the new moves does credit to the Indian cunning of Senor Cardenas and his aides. American contention has been that Mexico could not or would not settle directly with the companies involved, hence the need for arbitration. Agreement with Sinclair is a direct answer to this and was announced the day before publication of the Mexican reply to Secretary Hull.

Divide and Discomfort

The Sinclair deal (BW—Mar 9 '40, p47) involved a strategic trick that has proved effective from Hannibal to Hitler: That of separating opposing forces and defeating them one by one. There was no "united front" of foreign oil companies, Sinclair being strictly on its own, but this break in the opposition weakens the remaining contestants. The Cardenas administration's newspaper, *El Nacional*, tips off the plan by asserting that the Sinclair agreement sets a precedent. It indicates that negotiations along the same lines will begin with Cities Service interests.

Mexico naturally plays up the importance of the Sinclair deal, asserting that it covers 40% of the U. S. properties involved. Rival company executives deride this figure. They charge it was arrived at by counting the companies but ignoring the question of size. Another estimate puts the Sinclair investment at 10% of the total.

Sinclair certainly gains by the arrangement. While company officials refuse details, Mexican officials announced that they had settled all Sinclair expropriation claims for \$8,500,000. Payment is to be in cash within three years. Apart from this deal, Sinclair will buy a

reputed 30,000,000 bbl. of oil at less than market price. It is believed that Sinclair will take delivery in its own tankers, that it may become the sole distributor of Mexican oil in world markets. Present deficiency of oversea business is one of the weakest links in the Sinclair set-up.

Under reciprocal trade agreements, Mexico is allowed to send in 3.8% of the total oil taken by the U. S. from all "favored" nations. This amount may enter at the reduced import tax of 10½¢ per bbl. Amounts over the favored quota would pay the regular import tax of 21¢ per bbl.

But Sinclair isn't the only possibility. Jesus Herzog, general manager of Mexican Petroleum Distribution Agency, announced on May 3 that three other U. S. companies had bought \$54,000,000 worth of Mexican petroleum and petroleum products on five-year contracts. The only company named was First National Oil Corp., of New York. Senor Herzog added that delivery problems had been solved by five government-owned tankers (one of them is the "Eighteenth of March," named in honor of the oil expropriation date in 1938).

Companies Warily Stand Pat

Most powerful of the companies involved in the weary expropriation dispute are those belonging to British Shell and to the Standard Oil Co. (N. J.). They adhere to the claim that the Mexican seizures are in reality confiscation and that the only fair settlement Mexico can make is return of the properties. They are determined not to be brought into any sort of negotiations that can be capitalized by Cardenas' henchmen as giving legal acceptance to the original expropriation.

There is some doubt whether Mexico can meet the terms of the Sinclair agreement. Skeptical oil company executives say that Mexico is unable to make any substantial payment—even for the surface properties which it protests it would like to buy. The real issue underlying the controversy is confiscation of the foreign-owned subsoil petroleum rights. These constitute 90% of the values involved and it is charged that Mexico proposes to pay nothing for them.

Oil Companies Win

British Columbia retreat from price fixing has reaffirmed traditional Canadian attitude.

OTTAWA (Business Week Bureau) — A compromise settlement has ended British Columbia's attempt to force a gasoline price reduction of 3¢ per imperial gallon wholesale. Oil companies cut off deliveries and automobiles were stalled all over the province when the order was announced (BW—May 4 '40, p51).

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Do Export Gains Hide Shipments to Germany?

IT'S NO SURPRISE that American exports to France and England have risen sharply since the war; but it is somewhat surprising to find in the statistics on American exports to Europe a suggestion that maybe Germany is not entirely cut off from American supplies, despite the Allied blockade. Home consumption alone would hardly seem to account for such gains as these: Hungary, 1330%; Switzerland, 285%; Norway (before invasion) 228%; Yugoslavia, 295%; Italy, 108%. The inference is that some of this increase is for transshipment to Germany.

That England's war-buying machinery is getting oiled is indicated by the 46% gain in purchases in the first quarter of 1940, as compared with only a 17% gain (over the preceding year) in the first seven months of the war. Indeed, it is notable that the momentum of American exports to Europe is accelerating; expansion was more rapid in the three months from January through March (as compared with the corresponding period of 1939) than in the seven months from September through March (as compared with the corresponding months of 1938, 1939):

Country	Sept. 1939.		Jan.- Mar. 1940	
	% Change		% Change	
<i>(Dollar figures in millions)</i>				
United Kingdom	\$371.7	+17	\$177.6	+46
France	194.1	+135	119.8	+251
Sweden	71.5	+65	25.8	+37
Netherlands	70.6	+34	28.2	+22
U. S. S. R.	59.1	+82	29.5	+134
Italy	53.8	+61	28.0	+108
Belgium	39.9	—	18.2	+4
Norway	32.5	+176	14.5	+228
Spain	28.2	+321	12.3	+271
Switzerland	22.2	+206	11.1	+285
Denmark	17.1	+28	6.0	+111
Finland	14.4	+97	9.5	+267
Portugal	9.1	+110	4.3	+119
Ireland	5.6	—44	2.3	+35
Greece	5.2	+19	3.7	+91
Hungary	4.5	+109	2.4	+1,330
Rumania	4.2	+24	2.2	+48
Yugoslavia	3.1	+127	1.3	+295
Latvia	1.4	+103	0.7	+140
Estonia	0.8	—29	0.2	+31
Germany	0.6	+99.1	...	+99.8
Bulgaria	0.3	+20	0.3	+106
Lithuania	0.2	+64	0.1	+56
Total, 23	1,010.1	+36	498.0	+71

victory for the companies but allow the provincial government to save face. Oil companies make a voluntary reduction of 1¢ in the wholesale price of gasoline and service stations consent to cut their mark-up from 5¢ to 4¢. Many outlets reduced their margin by 1¢ (some of them by 2¢) on their own initiative before the 3¢ reduction was ordered.

The incident reaffirms Canada's traditional resistance to government domination of business. It marks another retreat from Ottawa's half-hearted attempt to adapt some of the New Deal ideas which were causing such a furore across the U. S. line in 1935. Since then there have been numerous defeats for provincial regimentation, notably in Alberta. The B. C. retreat coincides with another in Prince Edward Island where the government closed its legislative session without pressing its bill for control and regulation (including price fixing) of petroleum products.

In the British Columbia case the courts found that the government was within its constitutional rights since the effects of the regulation were confined wholly to the province. The companies simply refused to obey the order and ceased deliveries. Public reaction to empty tanks and silent motors forced the government to back-track.

Higher Taxes on the Way

Result of Allied setbacks in Scandinavia is apparent in heavier British orders for Canadian newsprint. Mills can handle the amount involved in new contracts (75,000 tons) without straining capacity.

Canada's new war budget remains in the speculative stage. A certainty is that levies will be in line with the settled pay-as-you-go policy. To prepare the country for higher taxes, a soft-shoe propaganda campaign has been started, emphasizing the need for personal sacrifice.

Any boost in income tax rates payable this year would be the most irritating. Canadians have just paid (April 30 was the deadline) on 1939 earnings. Receipts were up steeply, partly because 1939 was better than previous years, partly because of an initial war levy (20% of the regular tax) announced last September. Ottawa is not likely to go back for another chop at incomes this year.

Special imposts that will emphasize war needs are expected. Luxuries will be heavily burdened. Handiest ready-made medium is the sales tax. The current 8% sales tax produces around \$200,000,000 annually. A 2% increase would give Ottawa a big part of its war needs without trouble or cost of collection.

Completely Mobilized

Reich economy focused on single objective, with rationed nation hopeful of quick victory.

BERLIN (Cable)—The Norwegian successes have inspired hope for a quick decision of the war this year, through effective military blows. This optimism offsets the unpleasant realities of everyday life in a country where about 95% of the essential foods are subject to rationing of one form or another.

Official statistics testify to the com-

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Company _____
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any
of these
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10 days
on approval

plete mobilization of available manpower. The April total of German jobless fell to an all-time low of 105,000, while in England about 1,000,000 were unemployed during the same period. Even during the winter, which paralyzed all outdoor work, the number of unemployed in Germany rose only to 256,000.

What a totalitarian economy can accomplish by concentrating all efforts on a single objective is attested by the delivery of nearly 1,000,000 tons of coal to Italy overland during the month of April. Most of this tonnage would normally have been delivered by sea, but the choked and inadequate railroads were made to equal the burden.

The achievement required sacrifices. Food deliveries have been slow in Germany. People have been urged to abstain from all "unnecessary" travel, and special permits are required to purchase railroad tickets. This is a bad omen for summer health resorts, for governmental restrictions on passenger travel are likely to be tightened even more if war breaks out in earnest.

Wood Pulp Fodder?

London hears Germans will try it on Norway's cattle. Britain acts to plug diamond "leakage."

LONDON (Cable)—Norwegian cattle, now included in the Reich economy, are suggested prospects for experiments in Ersatz fodder. Germans are discussing the possibility of cattle food from wood pulp. This substitute failed when tried during the last war, is expected to fail again unless it has been further developed.

Registration of industrial diamond stocks has been ordered by the British government. This is designed to prevent Germany from obtaining supplies for cutting and abrasive machines. Neutral Holland and Belgium, both big diamond-processing countries, border the Reich. There has been "considerable leakage."

A big retail chain reports a 33% sales gain in the provinces. This more than offsets decrease in London because of evacuations. Dry-cell Ever-Ready batteries are selling 50% faster than last year, thanks to the blackouts.

Current cigarette stocks are estimated at two years' supply, against two-and-a-half years' on last September. Smoking should decline with application of the new duty, which is equivalent to 18¢ (U. S.) per package of 20.

Resumption of Anglo-Soviet trade negotiations is being hastened following a serious shortage of mine timbers. With Scandinavian sources cut off, Russia becomes a logical supplier.

Because of run-away prices, it is expected that future sales of rayon beyond July 31 will be stopped.

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THE TRADING POST

Pioneer in Public Relations

ON MAY 28 there will convene in New York City the 74th annual meeting of an organization that surely ranks as a pioneer in the field of public relations.

The National Board of Fire Underwriters may not have been the first group set up to interpret American business to its public, but it's a safe bet that it was among the first. Back in 1877, when it was but 11 years old, one member declared at an annual meeting: "We have not begun at the foundation to do our work. . . . We must begin fundamentally to teach the people that the interest of the insurance companies and the community is identical . . ." Not until 1916 did the Board have a Committee on Public Relations—with a capital P—but early in its career it sensed a need and a function that since have become dominant factors in business policy.

In still another respect the National Board's record will interest the student of public relations. Like so many of the collective efforts of industry, the Board first thought to concentrate on what some of its members thought were their more immediate and practical interests. But after a few headaches, it learned that it could best serve its members' interests by doing a real job in the interest of their clients. And that lesson is still good.

But from its very beginning, the National Board did recognize certain public responsibilities and did carry its concern for public welfare beyond mere lip-service. It set out to reduce fire hazards, first by collecting statistics on fire origins, and then by offering rewards for arrest and conviction of firebugs. It was early in the '90's that it began to concentrate on the public service phase of its work.

Survey of Fire Facilities

For it was in 1892 that it first undertook to survey the public water-supply and fire-fighting facilities of American cities to help develop sound practice in those departments, so vital to fire protection.

In 1904 the \$50,000,000 Baltimore fire gave dramatic evidence of the need for more effective standardization of fire-fighting practice. Largely as a result of that conflagration and another soon afterward at Toronto, there arose a demand for more intensive appraisal of fire-fighting facilities, and the National Board again pioneered with a corps of engineers making continuous surveys and periodic reports on water and fire-fighting facilities all over the country.

But—and I note once more for the benefit of the public relations student—the influence of the Board in all such

matters always has been wholly unofficial. Its findings and recommendations have no force of law; they are made available to the responsible authorities on their merits alone. The respect accorded them is testimony to those merits.

With the turn of the century, the Board extended its functions to the whole field of building materials and gadgets that might be fire factors. It took over and sponsored a Chicago laboratory that had been set up by a group of fire insurance companies to test such products and approve those meeting prescribed standards. Today that enterprise, known as Underwriters' Laboratories, operates independently, as a non-profit service, administered by trustees representing the stock fire insurance companies.

A Consistent Contribution

Space is not here available even to list all the other activities of the National Board. They would include the National Electrical Code on which it collaborated with the electric utilities and manufacturers and the Model Building Code, now in its fifth edition. On other fronts of fire prevention and fire fighting, for nearly three-quarters of a century, the Board has made consistent contribution to the public safety and thereby to the well-being of the capital stock insurance companies that have maintained it. Its membership now includes nearly 200 of the 332 stock companies engaged in the business, and its members handle probably 75% of the business written by the stock companies.

Although the Board has thus based its program on its practical work in behalf of the public welfare, it has not forgotten the other part of its job. It knows that if its members are to derive full benefit from this public service, it must be well publicized to the public and to the business community. So the National Board carries on a consistent advertising campaign to portray its membership's contributions to public safety and business stability.

In thus noting the pioneer efforts and long service of a noteworthy institution no one could overlook the man who for so long has been its prime mover and presiding genius. Wilbur E. Mallalieu has been associated with the National Board for 40 of its 74 years; for 30 of them has been its general manager.

By and large, it does look as though, when the Board meets next week, it might well look beyond its 74 years of service to the insurance business and celebrate also a significant milestone in the intelligent application of public relations to American business. W.T.C.

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BUSINESS WEEK

With Which Is Combined The Magazine of Business

May 11, 1940

The Stock Market Goes Too Fast

IT DOES NOT TAKE a Gallup poll to determine on which side of the Rhine American war sympathies lie. The stock market is a dead giveaway. On Monday of this week, for instance, the steel rate advanced four points. But did common stocks rally on the news, as you'd expect? Hardly at all. For, coincidentally, the British, French, and Poles announced the loss of a destroyer apiece to air power, the Germans marched on toward Narvik, and Italian moves in the Mediterranean became menacing. These setbacks and threats to the Allies drained all the bullishness out of the steel news, and stocks sold off.

Clearly, securities prices in recent weeks have been more responsive to men's emotions than to business facts (*BW—Apr 20 '40, p13*). Allied failures depress stock market sentiment. Each new German advance augments fears that the United States may be drawn in—on the theory that a German victory would be inimical to this country's national interest.

THE GENERAL ATTITUDE here is still to do everything "short of going to war" to assure ultimate Allied success. But now, after Andalsnes and Namsos, some doubts have arisen whether an Allied victory can be assured short of going to war. And that has set up an understandable train of stock market reasoning. It is argued that American entry into the war would lead at once to increased government control over business, rigid limitation of profits, and ultimately, perhaps, elimination of profits altogether. As proof, it is noted that the last time—after April 6, 1917—corporation profits tended to decline, securities prices did not advance, the government took over the railroads, and business generally showed a willingness to slacken off.

But, by the time this country declared war on Germany in 1917, industrial production had already risen some 70% from the war's outbreak. Plants had been enlarged to take care of huge Allied orders; production was booming along at an all-time high, and operations—having been expanded so rapidly—were anything but efficient. With plants pumping away at full blast, with untrained workers trying to master skilled techniques, with high-pitched excitement pervading all operations, costs of production rose and squeezed profit margins.

As yet, however, this war has not sent American production into new high ground. Expansion of plant capacity has been more or less moderate, except in such bottleneck industries as airplanes, machine tools, and special types of armament factories. For industry

as a whole there is plenty of room for enlarged production before the laws of rising costs and diminishing profits go to work.

Nor is it certain that American entry into the war would mean rigid governmental control over business and profits. For, as a matter of realism, if the United States were to enter the war, every effort would at once be directed toward increasing production, stepping up capacity of plants, outfitting the armed forces. There would be no time for regulation for regulation's sake. Many a hard-fought political issue (dismemberment of the utilities as an instance) would be forgotten in the great, common effort.

AND OUT OF that effort, out of that expansion in production, profits would inevitably flow. Even in England, where the war absorbs a far greater share of the national income than it would here, the government has not tried to exercise authoritarian control over profits. Indeed, profits are recognized as the *sine qua non* of getting things done.

The London *Economist* recently summed up the British policy in these words: "It is one thing to levy a tax on increases in profits; it is quite another thing to hamper the normal economic working of the profit motive, particularly in wartime. The expectation of profits is still the most effective way of achieving increased output, and a well-directed increase in production is still our first concern on the home front."

So, in concluding (1) that the Allied failure in Norway prefigures a German victory; (2) that a German approach to victory foredooms our entry into the war; (3) that our entry into the war means unlimited government control over business and rigid curtailment of private profits—in concluding that the foregoing is an inescapable sequence of events, the stock market seems to be taking the bull by the horns before he grows them.

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